FREIGHT TRAFFIC: IS SERVICE RELIABILITY IMPROVING?

September 25, 1972

RAILWAY AGE

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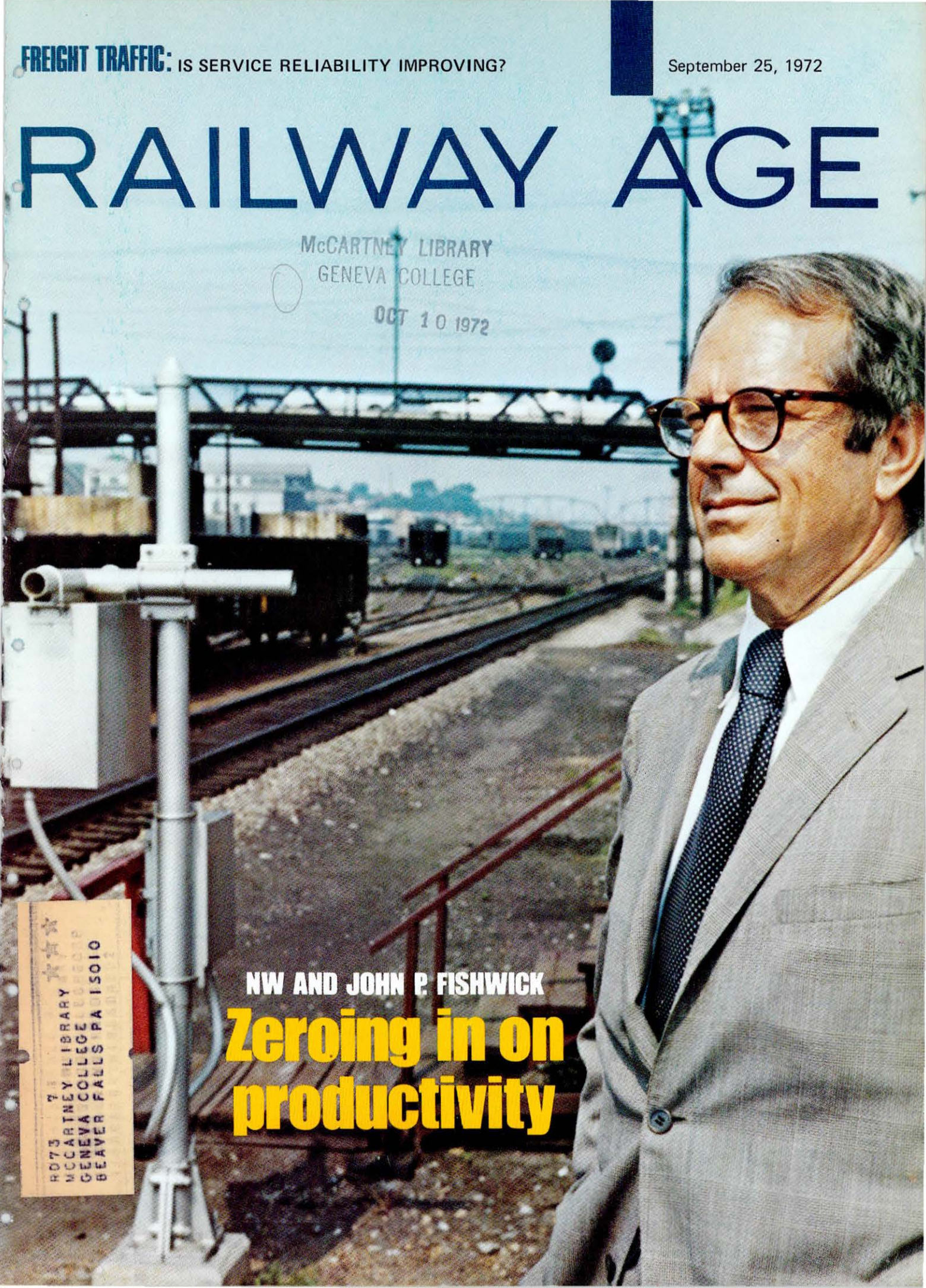

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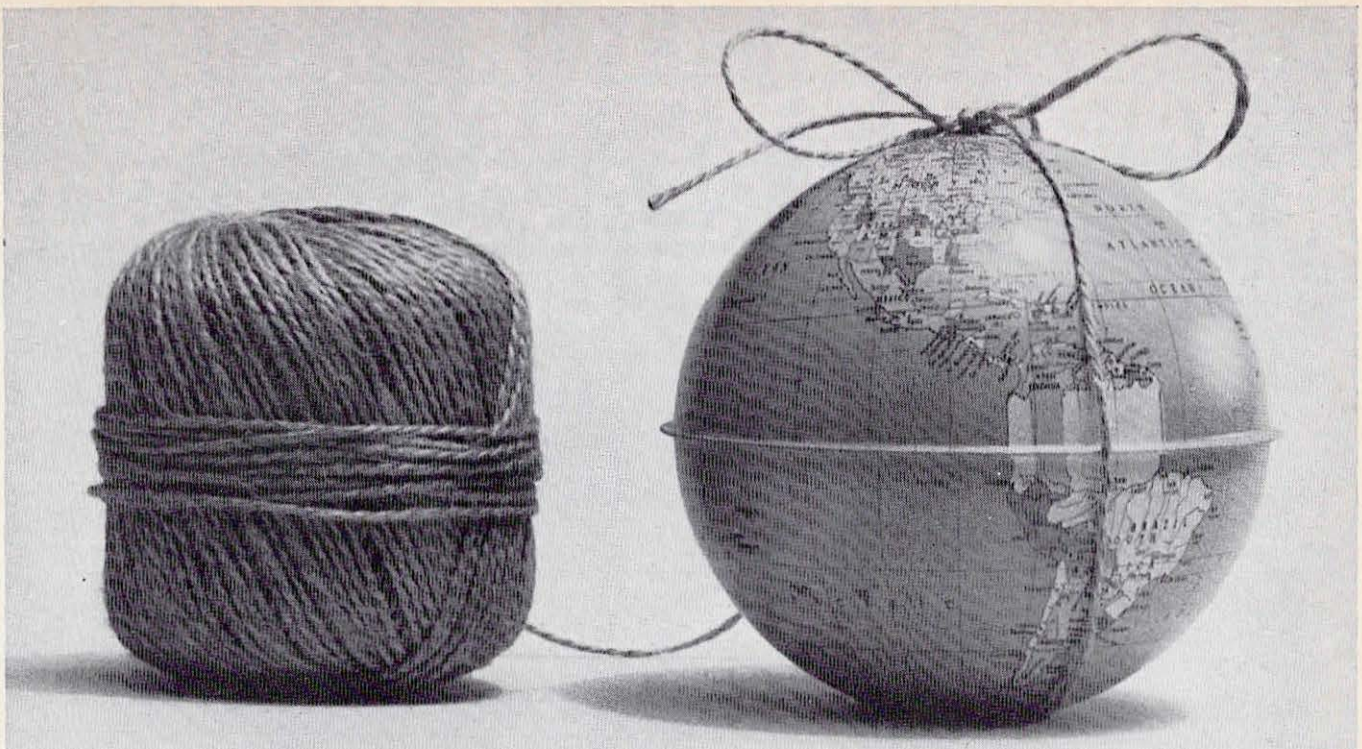

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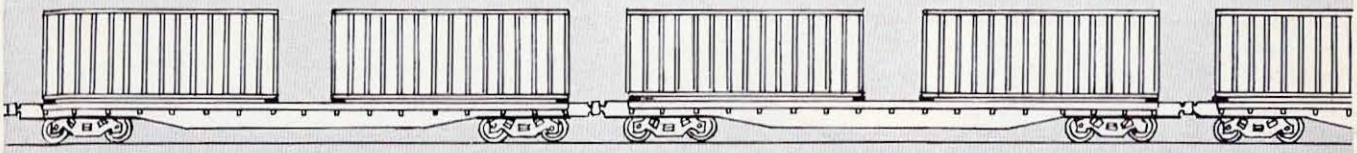

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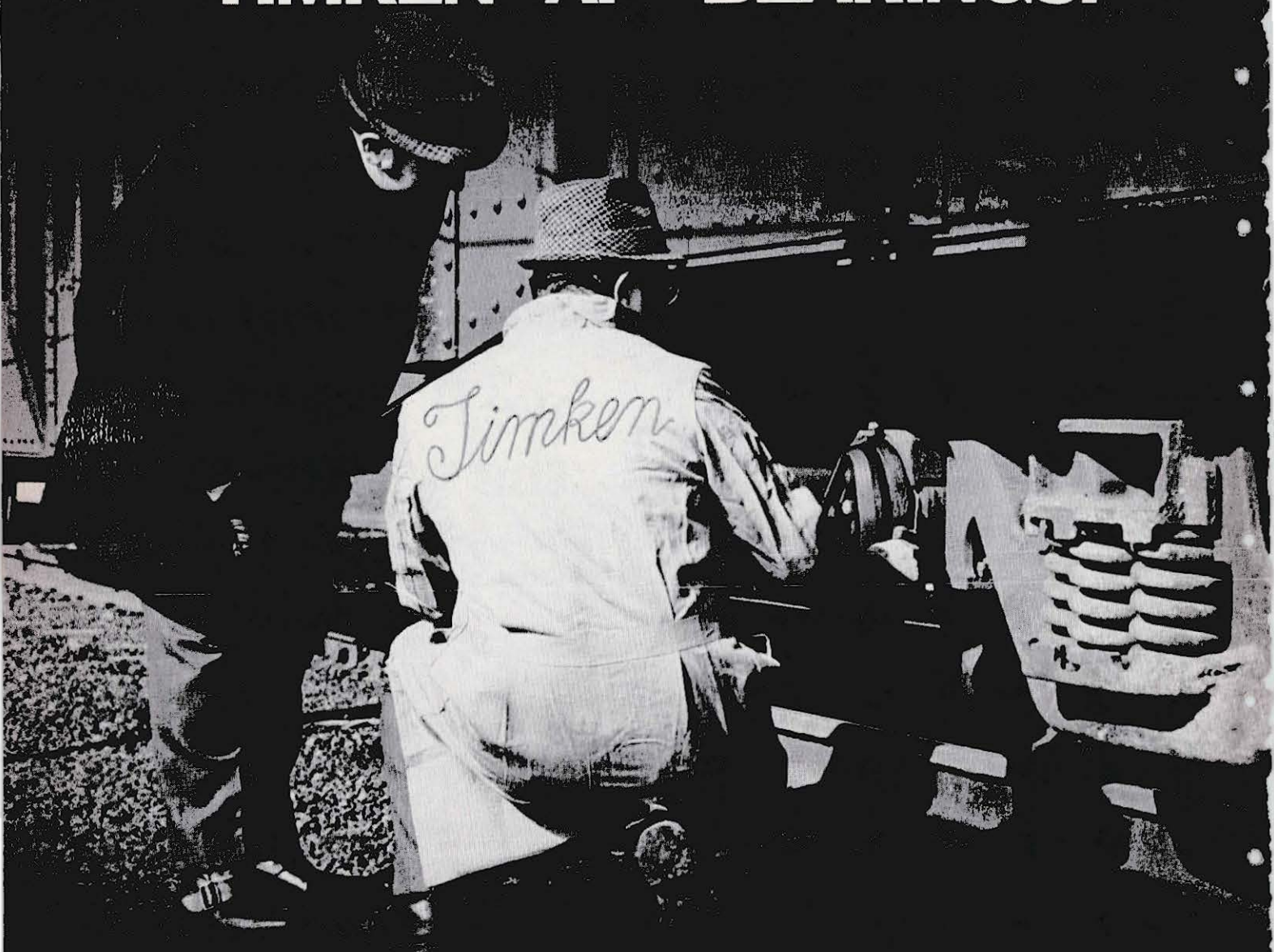

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RAILWAY AGE

September 25, 1972 • Vol. 173 No. 6

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Railway Age, established in 1856, is indexed by the Business Periodicals Index and the Engineering Index Service. Name registered in U.S. Patent Office and Trade Mark Office in Canada.
Published semi-monthly by the Simmons-Boardman Publishing Corporation, 508 Birch St., Bristol, Conn. 06010.
Railroad employees' subscription rate, U.S. possessions, Canada and Mexico, $6 one year, $9 two years, all others $15 for one year, payable in advance and postage paid. To railroad employees elsewhere in the western hemisphere, $10 a year; in the eastern hemisphere, $15 a year. Single copies 60¢, except special issues.
Address all subscriptions, change of address and correspondence concerning them to Subscription Dept., Railway Age, P.O. Box 530, Bristol, Conn. 06010.
Change of address should reach us three weeks in advance of next issue date. Send old address with new enclosing, if possible, your address label. Post Office will not forward copies unless you provide extra postage.

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Circulation Dept.: John Rogers Director of Circulation, 350 Broadway, New York, N.Y. 10013. POSTMASTER—SEND FORM 3579 TO P.O. BOX 530, BRISTOL, CONN. 06010.

Printed at the Hughes Printing Co., 34 North Crystal St., East Stroudsburg, Pa. 18301. Second-class postage paid at Bristol, Conn., and at additional mailing offices.

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Inside

LUTHER MILLER

REPORT FROM ROANOKE

As soaring wages and prices increase the cost of doing business—at a time when business itself is either static or declining—it is more important than ever that railroads get maximum production out of every manhour paid for, a bigger return from every capital dollar invested. Those are the two traditional measurements of productivity. But there is another form of productivity on which the two others largely depend. Business Week calls it "management productivity." BW recently quoted General Motors Chairman Richard C. Gerstenberg on the subject: "I regard productivity as a measure of management's efficiency, or lack of efficiency, in employing all the necessary resources—natural, human and financial."

To see how one railroad is measuring up to the productivity crisis, Senior Editor Gus Welty recently traveled to Roanoke, Va. His report on Norfolk & Western ("Zeroing in on Productivity," p. 16) is the latest in Railway Age's series of Management Close-ups. It suggests that here is one railroad that knows what productivity is all about—not only as measured in gross-ton-miles-per-manhour, but in performance-per-executive hour as well.

WHAT THE CUSTOMERS ARE SAYING

For 15 years, Railway Age has been giving railroad customers—through its Freight Traffic Polls—an opportunity to say what they think is wrong (or right) with railroad service. Repeatedly, shippers participating in these polls have made it clear that the most important part of service is not necessarily over-the-road speed—but rather reliability of delivery. "I don't really care so much how fast it gets there as knowing when it will get there," says the average shipper. "If I can get second morning delivery, fine; if it will be second week, fine also—just as long as the railroad lets me know."

In view of this, it is not surprising that this month's Freight Traffic Poll, on the question of service reliability, drew one of the heaviest responses on record—more than 100 replies from customers big and small across the land. What *is* surprising, and heartening, is that nearly half of the responding shippers report some improvement in service reliability this year as compared with a year ago. Only a handful told Railway Age that service has deteriorated.

To be sure, many of the favorable responses were of the "yes—but" variety: "Yes, service has improved; but I still find highway carriage attractive, for a number of reasons." But while the shippers' replies do not suggest that railroads can afford to be at all complacent, they do suggest that recent stepped-up efforts of the carriers to improve service have not been without results—and that these efforts, if continued and reinforced, may one day soon turn the tide of traffic back to rails. The Traffic Poll report begins on p. 32.

◀ Circle 3 on coupon page 35

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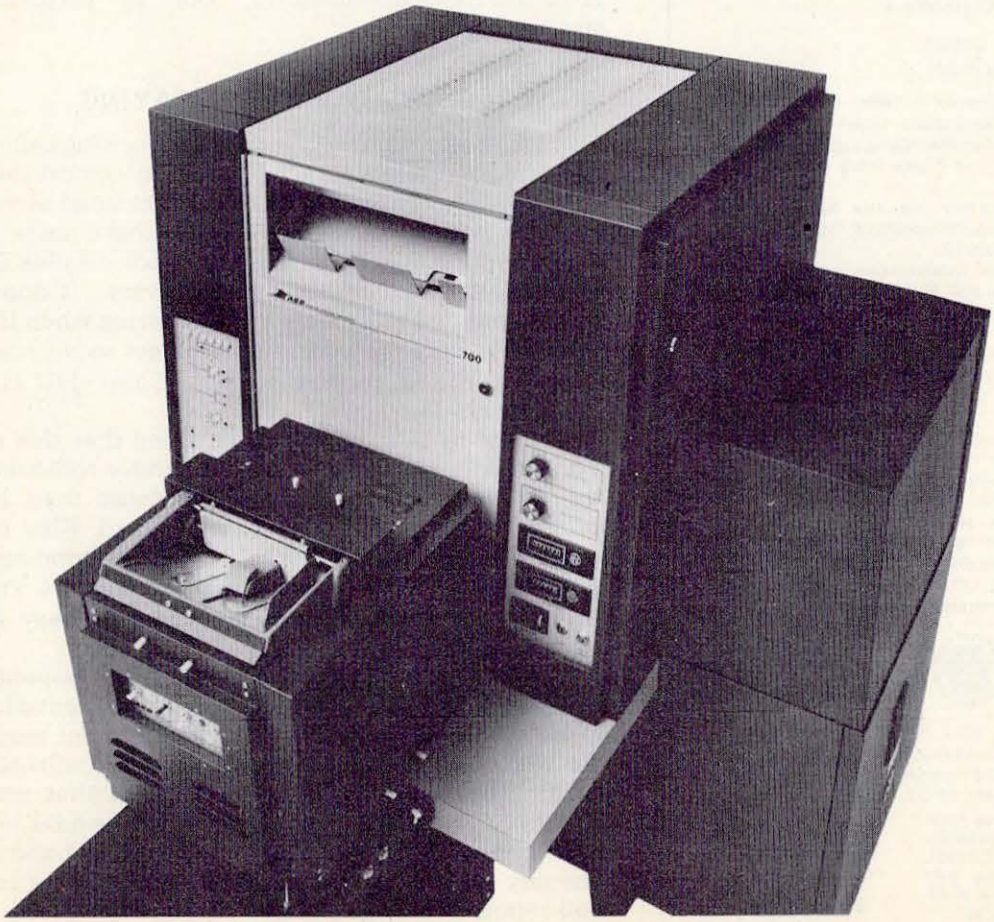

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RAILWAY AGE

SEPTEMBER 25, 1972

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This issue's cover photograph was taken by a Norfolk & Western staff photographer at the railroad's Roanoke Yard.

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Short and Significant

SERVICE CHARGE INCREASES DELAYED

The ICC has denied the railroads' request for interim increases in protective service charges on the shipment of fresh and frozen commodities effective Oct. 7. The Commission authorized the carriers to publish the increases on at least 30 days' notice to the public, with an effective date no earlier than Nov. 6. The ICC said the proposed increases would add 25% on the shipment of fresh perishables and 15% on frozen perishables; and $20 per trailer or container, as a surcharge, on shipments moving in piggyback. Protective service charges are imposed by the railroads for providing protection from heat or cold to perishable commodities.

MOPAC SPENDS $41 MILLION FOR EQUIPMENT

Add Missouri Pacific to the list of railroads re-entering the rolling-stock market in a big way. MoPac has just placed $41 million worth of orders for 1,350 new freight cars, 68 diesel-electric locomotive units and 30 cabooses. Among the freight cars will be open-top hoppers, covered hoppers, box cars and bulkhead flat cars. Deliveries are scheduled to begin in November and be completed early next year.

WORLD BANK RAIL LOANS TOTAL $254.7 MILLION

The World Bank and its affiliate, the International Development Association, extended loans totaling $254.7 million to help finance railway projects in six countries in fiscal 1972. India received $75 million toward a modernization program that will ultimately cost more than $1 billion. Another loan of $75 million went to Mexico to help finance a $203-million equipment-renewal and modernization program. Other loans went to Brazil, $46 million; the Congo People's Republic, $6.3 million; Egypt, $30 million; Malaysia, $16 million; and Senegal, $6.4 million.

GREEN LIGHT FOR MOPAC AIRFREIGHT

Missouri Pacific Airfreight, Inc. will begin operations in St. Louis early in October and will eventually expand service to 63 points in the U.S. The CAB authorized the company to operate as an air freight forwarder covering both domestic and international points effective Sept. 1. President of the company is C.T. Groton, who also heads MoPac's trucking subsidiaries. Vice president and general manager is Joseph C. Connors, who has been a top officer of an East Coast air freight forwarder.

PC SPEEDS UP TOFC SERVICE TO LOUISVILLE

Penn Central is providing new, faster piggyback service from the Atlantic Coast and certain intermediate points to the Louisville area. Second-day delivery from such points as New England, New York, Philadelphia, Baltimore, Buffalo, Rochester, Syracuse and Albany will be made in the Louisville area through the Indianapolis gateway. Charles H. Harrison, PC's manager-intermodal sales and service, Indianapolis, said the new service will also mean quicker interchange of piggyback traffic between PC and connecting lines.

24 MILES BY '76 IS D.C. METRO GOAL

The White House wants at least 24 miles of the Washington Metro system to open in time for the nation's bicentennial celebration in 1976; to help meet the deadline, Washington Metropolitan Area Transit Authority directors on Sept. 7 awarded a $29.1-million contract to the P&Z and J.F. Shea Companies of San Francisco for construction of another downtown link in the system. The contract calls for construction of the Federal Triangle Station and related structures and alignment; the section runs from 13th and Eye Sts., N.W., to 12th and Constitution Ave., N.W. With this action the Metro board has approved contracts for a downtown segment running from the Federal Center S.W. Station to the Rosslyn Station and including seven intermediate stops—at L'Enfant Plaza, Smithsonian, Federal Triangle, Metro Center, McPherson Square, Farragut West and Foggy Bottom. This segment eventually will link National Airport to RFK Stadium and to other points most distant in the District, Maryland and Virginia.

COKING-COAL FACILITY PLANNED FOR CANADA

Plans are in progress for the economic development of a bulk loading facility for coking coal at Kitso Island, two miles south of Prince Rupert, B.C., Canada. A facility for general cargo containerization will be included in the project. Some 2,000-3,000 acres of land will be utilized as sites for railroad yards, industrial plants and possibly a copper smelter. Construction of the project, which may cost about $500 million, is expected to begin next March. U.S. suppliers are invited to bid on various segments of the project.

JAPAN'S RAILS PLUNGE DEEPER IN RED

Japan's state-owned National Railways reported a record $764 million deficit for its fiscal 1971 year, bringing its total accumulated deficit to $2.6 billion. Of the system's 260 passenger lines, only seven ran in the black during the year.

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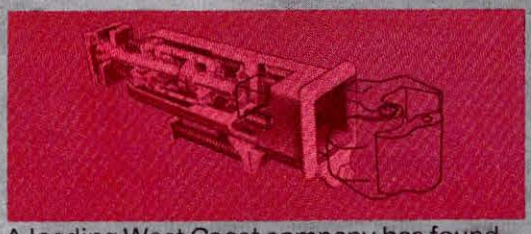

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MEMBER RPI AID

MC's Miller pushes single-railroad proposal

Like the other 68 Class I railroad presidents, Maine Central's E. Spencer Miller is urging Congress to approve the Surface Transportation Act of 1972. "It will help," he says. But it won't help enough, in Miller's view, and—as millions of television viewers found out the other day—this New England railroader wants Congress to go one giant step further.

What Miller wants is an Act of Congress compelling all railroads to merge into a single company, the American Railroad Corporation. This would be accomplished after a blue-ribbon Commission had worked out arrangements satisfactory to the millions of Americans who own railroad stocks and bonds. This failing (and Miller, being a realist, is aware that it might), he would be willing to have the railroads nationalized for a brief period, and then sold back to private interests. Only this way, Miller is convinced, can railroads avoid permanent takeover by the government.

Utopian? Far-fetched? Unworkable? All of these epithets, and more, have been tossed at the "Spence Miller plan" since it surfaced several months ago. But in one thing at least Miller is succeeding: he is getting the plan talked about—and he now sees, abuilding, the "head of steam" in the public sector which he thinks is essential to winning serious Congressional consideration.

● **First, a trial balloon.** The Miller proposal for consolidating all railroads into one, with a number of operating subsidiaries, was trial-ballooned in a letter to the Wall Street Journal last winter; it went all but unnoticed. A few months later Miller spelled out the details of his plan in MC's employee publication, the Messenger. The trade press took notice (RA, July 10, p. 8), but few others did. Then, in its Sunday, Sept. 10, edition, The New York Times published the Miller plan almost in toto. A few days later NBC/TV invited Miller to discuss his proposal on its prestigious Today show. On Sept. 15, NBC's Edwin Newman interviewed Miller for nine minutes on the plan.

This kind of publicity, Miller told Railway Age later, is precisely what he has in mind. His first order of business is to arouse public interest in the plan because, as he sees it, "Congress doesn't lead public opinion but follows it."

"It has all the merits of nationalization—and none of the drawbacks"

E. Spencer Miller
President, Maine Central

What kind of reaction has the plan drawn so far from other railroad chief executives? Says Miller: "I haven't thought it wise to start to seek support from my colleagues for the obvious reason that they cannot be expected to want to talk themselves out of a job." But two or three railroad presidents have told him privately that they like his plan and have encouraged him to press on with it. He has also received encouragement from United Transportation Union President Al Chesser, who wrote: "I am more than intrigued with your plan for a one-system railroad. I am thoroughly convinced that if we do not take a long hard look at this industry it is destined for failure or government ownership, neither of which would please me."

The next step, Miller hopes, will be for Congress on its own initiative to seek more information on the plan. He is willing, if invited, to appear before any of the Congressional committees now pondering the railroad future.

● **Wooing labor.** Miller sees labor support as essential to the success of his proposal, and he emphasizes repeatedly that labor—as well as, in his view, management, shareowners and shippers—stands to benefit. In his published plan, he commented, after describing the deterioration of labor relations: "At the risk of being considered pro-labor, I believe that some of the allegations of railway labor leaders are correct."

Asked by Railway Age to elaborate on this, he observed: "I think we have to concede that wage rates for mechanics, for instance, in the railroad industry are perhaps lower than they are in some of the more prosperous industries. The reason of course is that you cannot get blood out of a stone. Many railroads like the Penn Central, the Boston & Maine—the Maine Central, for that matter—are just not in a financial condition to pay what labor would like to have. As I see it, the one railroad corporation would generate so many economies that we could offer lower rates than we now have to benefit the public; and that we could have the muscle to sit down and bargain with labor and whack out an agreement which would be much more attractive to them and also all around to our industry."

A major benefit deriving from the single-carrier concept, Miller believes, would be that it would end what he sees as destructive competition between railroads. "In the period 1948-68, we were granted rate increases which amounted to 53% cumulatively, but nationally we held on to only 1.4%," he notes.

The chief obstacle in the way of his plan, Miller says, will be "assessing values and satisfying stockholders of individual railroads that they're getting a fair shake. That would be the difficulty, and that's why I have suggested that Congress pass a compulsory statute to merge and then appoint a commission to find values. This was done in a way in England when they nationalized the railroads. They had a Royal Commission with plenary powers to set the terms and find the values. I would propose that this commission be composed of a top financial man, a top railroad man, and a top lawyer, with money to hire a knowledgeable staff."

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Watching Washington

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BILL OF "ABOMINATIONS"

The Senate Commerce Committee on Sept. 7 approved and sent to the Senate a heavily amended S. 2362, the Surface Transportation Act. Key provisions are:

Loans. Provides $3 billion in Federal loan guarantees for regulated surface carriers. While guarantees could be used by motor and water carriers for any capital expenditure, rail use is confined to purchase of track, signal systems, terminals, and other facilities but *not* rolling stock. A single carrier could receive up to $450 million, repayable over 15 years, with a further five year extension possible. But receivers of guarantees must limit dividend increases to 2%, and DOT can pass on executive salaries and transactions with non-transportation affiliates. Rolling stock aid would come from S. 1729 which provides $2 billion in guarantees of equipment obligation. S. 1729 also is before the full Senate.

Abandonments. Imposes a 28-month moratorium on abandonment of branch lines. Requires rails to publish a plan of abandonments one year before their filing. Allows ICC to approve abandonments after 90 days, but if protested an abandonment can be suspended for up to a year. (Note the original STA postulated a 45-day filing notice and six month suspension mechanism. The stringent new version was pushed by Sen. James Pearson (R.-Kan.).)

Analysis and Outlook. The Committee vote was 11 to 1, the only dissenter being Sen. Norris Cotton (R.-N.H.) who called the new STA package a backdoor approach to nationalization. A rail lobbyist called the new bill a "shambles, a mass of abominations," and said it would be vetoed by President Nixon if passed as now written. Sen. Vance Hartke (D.-Ind.), chairman of the Surface Transportation Subcommittee, however, said the new version will "be substantially the same as the final bill Congress will enact." Sen. Philip Hart (D.-Mich.) attacked the loan provision as a giveaway and said he would attempt to knock it out entirely on the Senate floor.

The Committee action came as no surprise. Rails have known for months the Senate Commerce Committee would report out a divisive and unpalatable STA version.

LOAN GUARANTEES CONSIDERED A MUST

In rails' view, the central feature of any STA package must be loan guarantees for acquisition of rolling stock. Rails regard S. 1729 and the new Senate S. 2362 as not helpful towards that goal at all because of strings that limit managerial control of dividends, conglomerate activity, and salaries.

The hopes of rails rest on H.R. 16281, the House STA version, which provides $3 billion for equipment obligations and $2 billion for track and other facilities. Its approval by the House Interstate and Foreign Commerce Committee is expected any day. With the Administration now supporting the House STA bill and chances for a post-election session of Congress becoming stronger daily, there is still time for passage of an STA bill pleasing to rails.

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It's probably not going to be a bestseller. It's 723 pages. It's heavy. There's no sex, and not much violence. There *is* conflict, but conflict without clearly defined good guys and bad guys. As a book, this one may have just about everything going against it, except for one thing: It ought to be read, by anybody who wants an over-all look at the "what" and the "why" of management/labor relations in transportation. The title is "Collective Bargaining and Technological Change in American Transportation." The authors are Harold M. Levinson and Charles M. Rehmus of the University of Michigan, Mark L. Kahn of Wayne State University and Joseph P. Goldberg of the Labor Department's Bureau of Labor Statistics. The publisher is the Transportation Center of Northwestern University. Rehmus—no stranger to involvement with railroad management/labor problems—is the author of the railroad section (one of four main sections, the others digging into the trucking, maritime and airline industries.)

. . .BUT IT'S FACTUAL, INSIGHTFUL—AND FASCINATING

There is one rather classic work on rail management/labor affairs, done by H.E. Jones. Unfortunately, Jones' chronology ends in 1952, and a lot that's more interesting and most significant has happened since then. Suggestions have been made that somebody undertake an updating, including one suggestion that somebody take the Railway Age management/labor file, do some extra interviewing and write it as it is. Rehmus, pretty much, has saved us the trouble. His history is, for the most part, complete. Its statistics may suffer from age—but the text is up-to-date through 1970. And maybe a supplement could be written to take into account the 1971-72 settlements with the United Transportation Union—settlements which couldn't be reported when the text was written because they hadn't happened, but which were more or less forecast in Rehmus' perceptive insights as to what was going on (and as to what pretty much had to go on).

Study of technological change and railroad management/labor relations, of course, is nothing new for the Transportation Center. More than a decade ago, the Center held a conference on "Technological Change and the Future of the Railroads" which still ranks as one of the finest wide-ranging conferences this reporter has attended—no surprise, since the participant-list included such as the BLE's Guy Brown, then-NYC's Al Perlman, Kent Healy of Yale and Fred Cottrell of Miami University.

INCAPABLE, INADEQUATE? DON'T OVERSIMPLIFY

In any 723-page book, there are a lot of quotable passages. Let's leave it with this brief one: Under the circumstances which have existed and do exist, "to describe railroad bargainers as incapable, legislation as ineffectual and government intervention as inadequate—as some have done—is an oversimplified judgment. The problems are unusually difficult and the possible solutions are hard to come by." In those two sentences, Rehmus has indeed captured something. Over-all, too much talk about both problems and solutions is oversimplified. And maybe too little consideration on all sides is given to. . .consideration.

GM chief praises railroad service

A little bit of rail motive power's past—and a whole lot of its present and future—were trotted out by Electro-Motive Division at a special celebration of the LaGrange, Ill. locomotive builder's 50th Anniversary on Sept. 8. And, Richard C. Gerstenberg, chairman and chief executive of parent General Motors, who was the featured speaker at a luncheon attended by over 400 railroad, business and financial and public officials, had a lot of things to say about the railroad industry and the role it plays in providing GM with the mobility it requires to thrive.

"There's an old expression often heard around our company," Gerstenberg said, "that General Motors lives out of a box car." Then he went on to explain that "more than 32,000 rail cars are being used to transport GM parts, sub-assemblies and products. . .and an equal number are bringing in the raw materials." GM's rail freight bill last year totaled $450 million as 44 railroads moved GM material in and out of 239 shipping locations, he added.

Two relatively new rail cars—Vert-A-Pac and Stac-Pak—were cited by the GM executive as examples of how GM and the railroad industry have pooled talents to get an important transportation job done. "So far we have shipped 160,000 Vegas by Vert-A-Pac with excellent success," Gerstenberg said. "Over 400 Vert-A-Pac rail cars are now in use and, by the end of next month, every Vega that moves by rail will be carried in Vert-A-Pac cars."

● **Stac-Paks for Olds.** Gerstenberg indicated that the market for Stac-Pak container cars is expanding. Scheduled to join the 50 rail cars and 200 Stac-Pak containers that are now serving the Cadillac Motor Car Division are another 64 rail cars plus 256 containers for Oldsmobile service.

Stak-Pac is the concept in which the vehicles are stacked in the containers—three vehicles in each container, and four containers or 12 vehicles to a rail car. "So far we have shipped 5,000 Cadillacs across the country with virtually no damage or loss," Gerstenberg explained. The Stak-Pac is designed in such a way that the automobiles are automatically loaded and unloaded in the containers.

Railroad service lives or dies on the strength of the motive power fleet—and the day at EMD belonged to the diesel locomotive. Highlighting the 50th Anniversary was the presentation of a gold "Golden Anniversary" GP40-2 diesel-electric locomotive to the Chessie System's president and chief executive officer, Hays T. Watkins.

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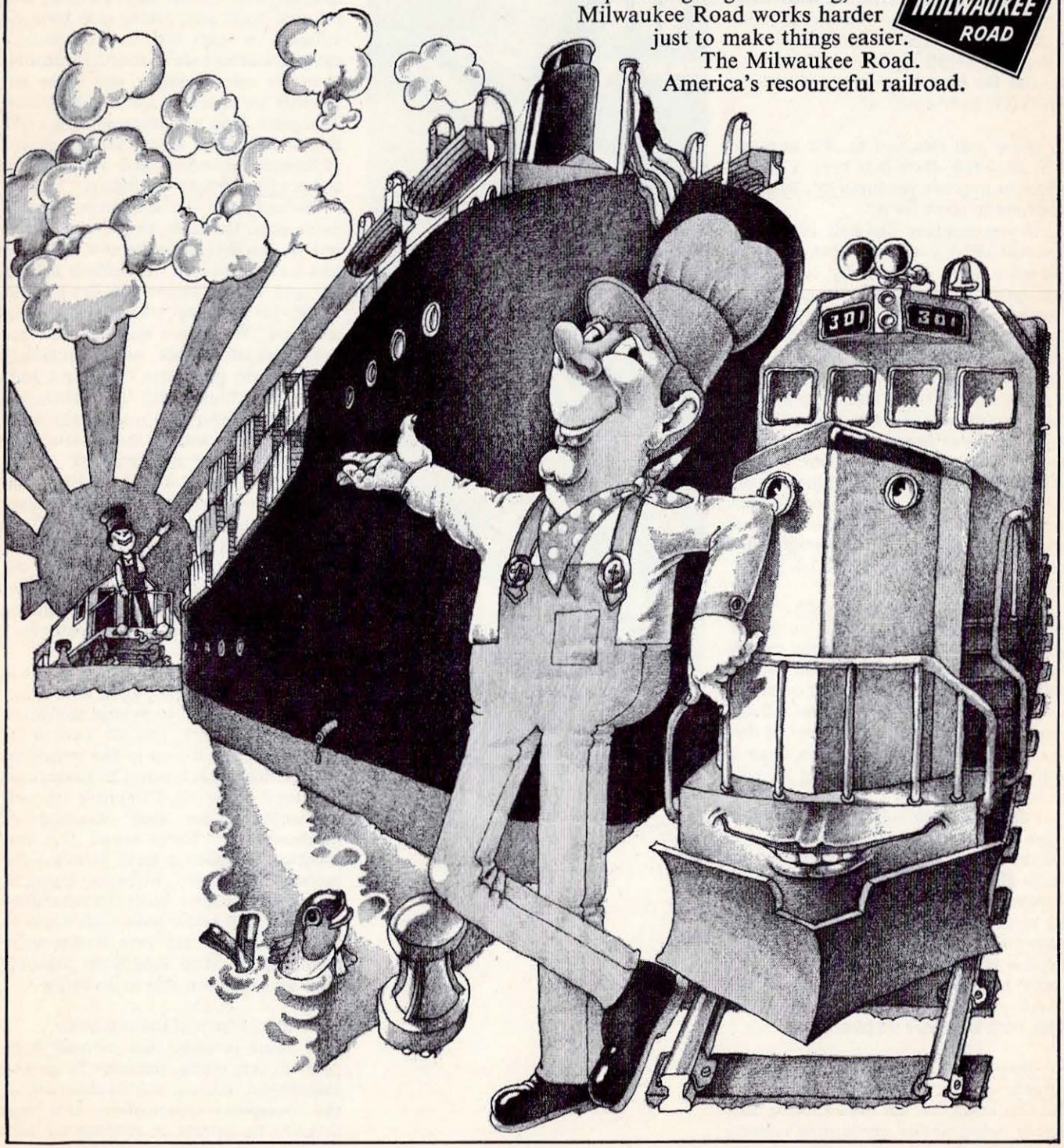

Zeroing in on productivity

A lot of changes have come to Norfolk & Western since John P. Fishwick returned in 1970 as president and chief executive officer—and more are coming, if Fishwick and his management team have anything to say about it. Today's NW does not lack for goals. Nor does it lack for ideas on attaining those goals. In conversation with Railway Age Senior Editor Gus Welty, NW's Jack Fishwick talks about the kind of railroad he wants Norfolk & Western to be, and the kind of railroad industry he wants NW to be a part of.

Q. Since you returned to NW as president in 1970, there has been a strong effort to improve productivity. What do you have to show for it?

A. If you compare first-half 1972 with first-half 1970, you'll find that our gross ton-miles have dropped by 5.3%. But our gross ton-miles per manhour increased by 10.8%. Gross tons per train went down by 8.4%, gross tons per locomotive unit decreased by 18%, but train speed went up by 8.4%. We're running shorter trains and we're putting more power on our trains in relation to tonnage. We've been able to make substantial improvements in our ontime performance. And we've improved car utilization. Excluding open-tops, which are pretty much confined to the coal trade, we've increased our average miles per serviceable car-day by 7.1% just in the past year.

We're also operating with fewer employees. The mid-month count in June 1970 was 31,754. The mid-month count this past June was 28,330, a reduction of 10.8%. We've cut overtime by 26.7%. In fact, we had substantially less overtime during the first half of this year than at any time since we merged with Nickel Plate and acquired Wabash in 1964.

I think all railroads are trying to do more-or-less what we're trying to do. We've made some progress. The things we're doing are showing up in increased productivity and in net income. But we're going to have to make a lot more progress. Here in the East, we've had a decline in traffic volume. And there is more pressure on us to increase our manhour output, especially with the high wage increases we have had.

Q. How about continuing programs to improve productivity?

A. One thing that has been a major help is our responsibility accounting system, which we installed at the beginning of 1971 and refined and extended the first of this year. We are now able to pinpoint expenses, particularly in maintenance. For instance, every month I get a report which compares the cost of putting in a crosstie with the budget and with the prior year's experience. I can measure that on the basis of labor and material costs and, taking into account inflation in wage and material costs, I can tell whether we're making improvements in our operation and I can tell whether we're within our budget limits. This same kind of information is available with respect to our various classes of locomotive repairs and our ordinary and program freight-car repairs.

Basically, we can determine whether we've done the work we proposed to do and we can determine the cost of it on a unit basis. This is of tremendous help to me and to the concerned department heads, in knowing where our trouble spots are. We have a meeting with the departmental people on a quarterly basis—we do give them that much time to get straightened out if problems are cropping up. Our goal is to do the work we want to do and, in the process, beat the budget. Our departmental people are complimented if they reach that goal—and we mention it to them if they don't. We're extending this kind of budgeting and accounting to lower and lower levels of management so that the man at the first supervisory level knows what he is being charged with spending and knows how he is being measured up the line.

We have standards of measurement in most of our important areas and, hopefully, we'll be able to extend them into other areas. Once you do have these standards, then it's up to the individual to say "Well, this is how I'm going to be measured. How do I improve my performance, under that standard of measurement." We've found that our program has been a great incentive for increased efficiency. We're also trying to give our managers more responsibility and more and better tools with which to work. One approach here is that we're trying to do more long-range planning than we have been able to do before.

Q. With the help of the computer. . .

A. I think actually that railroads have gone a very little distance in getting meaningful, current information out of the computer—information that will actually be helpful in running the rail-

"The things we're doing are showing up in increased productivity and net income. But we need to do more. . ."

road. In record-keeping and accounting, most railroads have done a pretty effective job. But we are still talking about rough information when it comes to boxing-in the area in which an operating man can work in order to perform an effective job.

We have put great emphasis on car utilization, and using what are really inadequate tools we have been able to increase utilization as I indicated. But now we're putting into the computer a new long-range program which will cover five years—and which we believe will enable us to do a much better job. We're talking about increased utilization and other savings from this program which will produce about $10 million a year after taxes.

Our approach to computer use is based on a building-block theory. We're trying to plan long-range, but we're measuring each individual block against the investment required and the immediacy of the payout. With help from outside consultants, we recently reviewed our whole computer operation for the next five years. As a result, some of our priorities have been re-oriented. The program to increase car utilization was given a higher priority, for example, because it promised a better payout than some of the other programs which were being processed by our computer department.

Q. How about service improvements?
A. Well, like a number of other railroads, we've been pushing the runthrough train. This is a very fashionable thing now, and it does have its advantages. The shipper who gets his cars on the runthrough is usually very happy. But there is a problem, in that an upgrading of a part of your service can actually sometimes result in a downgrading of the rest of your service.

We're faced with changing and increasing competition. We're also dealing with a sophisticated breed of industrial traffic managers who are able to monitor all their service and weigh service quality, rail vs truck and one railroad vs another railroad. And we keep coming back to the need for consistent, dependable service.

What can we do? Like other roads, we're counting on aci to be of help. We're installing new intra-terminal reporting systems at all of our major yards, and we think this move will produce savings and improved service. Several years ago, again with consultants' help, we did a terminal study at the joint NW/Erie Lackawanna Bison Yard at Buffalo. Since, then, we have formed two teams on NW to make similar studies of all yards. We've covered several major terminals. These studies have resulted in substantial cost savings and, more importantly, they have produced service improvements.

Q. How about the 1971-72 labor agreements with the operating crafts as factors in improving service and productivity?
A. The benefits will be long-range. We've made some progress in implementing the 1971 United Transportation Union agreement. I don't think we have any particular problem in this area, but it does take time to work out these agreements and it's probably too early to say how fast actual benefits can be realized. I doubt that the dollar benefits will ever be as great as the figures the union people were talking about. But there will be opportunities to improve service, and that is vitally important. As for the fireman-manning agreement, we're talking about attrition over perhaps a 10-year period. Our calculation, which may be optimistic, is that at current wage/benefit rates and assuming the same volume of business, we would be saving something like $14 million by 1981.

Q. But, of course, wage/benefit rates do continue to increase. . .
A. Personally, I see no end to the inflationary spiral in this country or in the world. It's something we're going to have to live with—and hope we can contain it within some sort of tolerable limits.

Q. On one hand, you have inflation. On the other, you have declining traffic. In eastern territory, there's a tremendous amount of rail mileage in bankruptcy. What does this mean to a solvent railroad?
A. It's discouraging. From a traffic standpoint, the South and the West are growing. But the East has a pretty mature economy, and projections for traffic growth are lower than they are for the rest of the country. Eastern railroads also have a different set of operating conditions—including shorter hauls, higher terminal costs, higher operating costs on a unit basis. I'm convinced that truck competition is also keener in the East, particularly with the Interstate Highway System in its present form. Roads such as Norfolk & Western and Chesapeake & Ohio/Baltimore & Ohio are in a better position than most of the other eastern railroads today—but that may be largely because we are more-or-less on the periphery of the heartland of the East and because we have the support of coal.

Q. You have been outspoken in your views about railroad problems, to the point of being yourself an occasional center of controversy. . .
A. I'm very much concerned about the railroad situation in the East. I think we are faced with a very serious problem—one which no one seems to have an answer for. In my judgment, the problem has been thought of too long as a Penn Central problem—when it's really an eastern-railroad problem. As for my comments, I think that all railroads have a tremendous stake in what happens—and if any of us have any suggestions we ought to make them, to let them be kicked around and tested by critical analysis. These are not problems that will lend themselves to easy solutions. So every available idea ought to be brought forth—good or bad—so it can be weighed. Maybe somebody will turn up with something worthwhile.

Q. How about the DOT role in the over-all problem?
A. I feel that if there's any division of government with a responsibility to think and to plan and to encourage the railroads to come to a solution in the public interest, that division of government is DOT. I'm sure they have been studying the problem. But I'm not aware that they have come up with any recommended solution.

Q. What are your present thoughts on Penn Central and the other eastern roads?
A. I feel that in some way most of PC's lines will continue in operation. This may be under private enterprise, or it may be that some form of public subsidy will be required. I think PC will be able to give a good service. I think their service is certainly better today than it was a few years ago. Service over that network may even be better than it has been during my lifetime.

But the problem really is: What's going to happen in the rest of the East? Erie Lackawanna, Lehigh Valley, Reading, Central of New Jersey and

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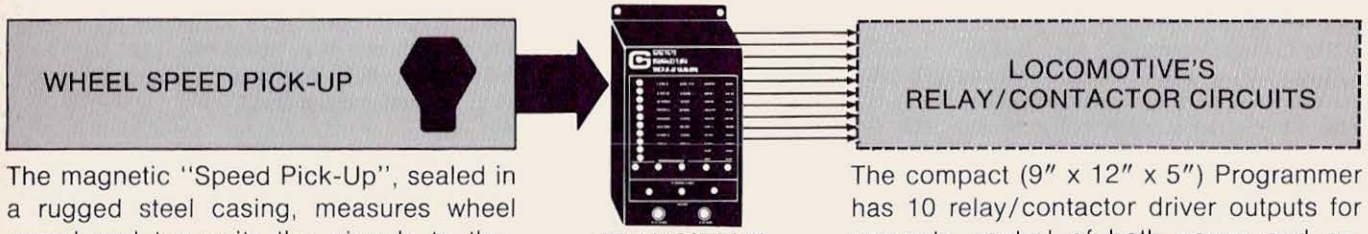

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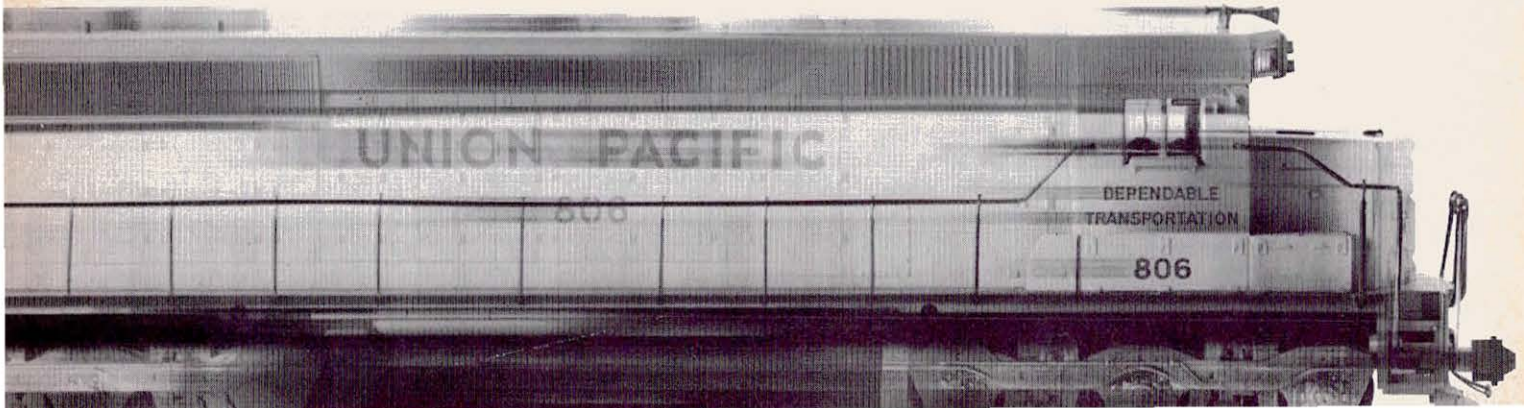

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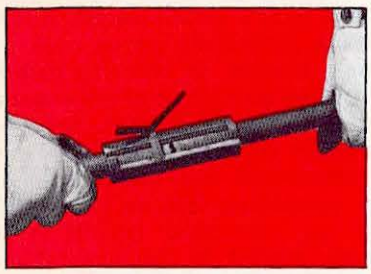
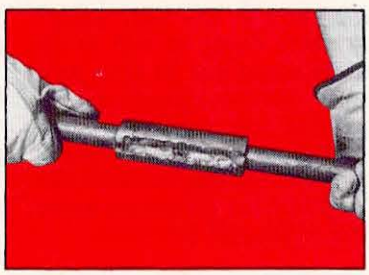


Cut out worn section of rod, cut new pieces of rod stock approximately same length. Cover joint with set of Buffalo Connectors. Hold in place with "twist-tie" supplied.



Fillet weld between the Buffalo Connector set and the rods. Resulting splice develops full strength of original rod.

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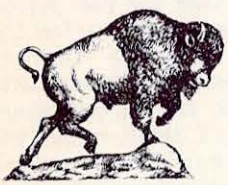

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"We put a lot of blood, sweat and tears into EL. We tried our best; it still went into bankruptcy."

Boston & Maine are in bankruptcy. Delaware & Hudson is not in good shape. In my judgment, these railroads—most of them—are such small units that I don't believe they can be reorganized successfully in their present form if they are to compete with Penn Central, assuming that Penn Central is going to continue to improve its operations and get a larger share of the eastern freight-traffic market, which is what the consultants to the PC trustees have projected.

So, how is the rest of the East going to survive? More importantly, if it can't survive as private enterprise, it seems to me that at least parts of the other lines will fall into some form of nationalization. If that happens, then there's the camel's head in the tent. I'm concerned. Of course, the difficult thing is to decide what should be done, how it should be done and who should do it. I've thought that it would be logical at this stage—following the EL bankruptcy—for the bankrupt railroads in the East, other than Penn Central, to consider in some way coming out of bankruptcy as merged or affiliated companies, with the advantages of a single management and of a single-line service.

Frankly, I just don't think some of the eastern roads can be reorganized. They don't have a positive net railway operating income. And, while EL does at this time, I wonder how long that will continue if EL is forced to continue operating as an independent carrier.

Q. How would you approach this kind of merger or affiliation?
A. I don't know. Present law isn't structured to encourage or permit such a thing. Somebody will have to take some kind of leadership—the railroads themselves, the Administration through DOT, the ICC—somebody. Other railroads, including NW, can't do much more than to express a concern, I suppose. And as for NW, we have put $100 million into EL and D&H and about $55 million of it has been lost on EL, which is what we thought would happen when we were forced to make that investment. We put a lot of blood, sweat and tears into EL. We tried our best, and it still went into bankruptcy. So we've made our contribution, I feel, and we should not be required to do anything more in a financial way about helping the other eastern railroads.

Q. Were you encouraged by the proposal made in the Lehigh Valley case to work out some combination of LV, Reading and CNJ?
A. I was. That proposal came out at about the time EL went under, and maybe if the timing had been different some thought would have been given to including EL. I think it's the seed which could grow into something quite helpful. In any event, I think the idea of combining railroads should be given careful study. Maybe there should be abandonment of some or a lot of railroad. The main thing is that a decision should be made as to what's needed. Then let's take those parts of railroads that are required in the public interest, let's get rid of the remaining parts, let's write down the debt, let's put the resulting property under a single management—and then let's let it operate.

Q. Do you see Congress taking an active role?
A. It's very difficult to get action from Congress on a problem like this unless there is a real crisis, a threat that operations will cease. But it seems to me that the likelihood of an eastern crisis developing in more seriousness is so great that a good deal of thought ought to be put toward solving the problem—by the railroads themselves, by the Administration and by Congress.

Q. Meantime, how is NW itself doing?
A. Not anywhere nearly as well as we had hoped. We hoped that all those rosy projections of the economists at the beginning of the year would be borne out, and that there would be more rail freight business. That has not been the case. Our first-half ton-miles were lower than in either of the past two years.

Q. Where have the problems been?
A. Coal production has been disappointing, and while this is to some extent a marketing problem I think it's more a production problem. Over the period 1965-70, originated coal tonnage on NW ran between 79 million and 80 million tons a year. The ultimate-market mix varied, but the total was about the same. Last year, of course, we had a 45-day coal strike and tonnage dropped to about 65 million tons. We had hoped it would rebound this year to the 1965-70 levels, but the production has just not been there. Our estimate now is that coal may fall 8% to 10% below what we would call a normal production year.

Q. How about merchandise freight?
A. Automobile traffic has done very well. But just about everything else has been disappointing. And we have not been projecting a particularly good second half.

Q. And earnings?
A. Third-quarter earnings will probably be down from last year's level, largely because we're going to spend about $8 million more for maintenance this year than we did in 1971. In the fourth quarter, we'll be working against last year's coal strike and we expect earnings to be up appreciably. Over-all, we hope the second half will be somewhat above the second half of '71. How much? That depends on whether the projections for continued economic growth are reflected in carloads.

Q. How about long-range traffic projections?
A. Take coal first. We make a serious effort to forecast coal traffic. We've been wrong a number of times, and we were wrong this year. One problem is that people in the coal business tend to be either over-optimistic or over-pessimistic. So your forecast may depend on whom you talked to last.

Long-range, though, we are optimistic. On export coal, which is very important to NW, we see continuing growth in the Japanese market—though perhaps not at recent rates, because Japan will have new sources of coking coal available to it. We expect South America to be a growth market. And we expect a particularly strong market in Europe, because of changing patterns there in the acquisition of raw materials for steel plants. In Europe, new steel production facilities are being built on the ocean—and this makes us much more competitive than we are now. We don't see substantial growth in the domestic market for metallurgical coal. But we do see a stepup in demand on the part of electric utilities. Much of the coal on our lines is relatively low-sulphur coal, and it will be moving into these markets.

Q. And merchandise freight?
A. I'm not optimistic about the growth of merchandise freight business for eastern railroads. Over the past several years, we have really begun to feel the effects of the Interstate Highway System—and I think those effects have been more severe than most people forecast. Frankly, I think trucks will continue to have a tremendous competitive advantage, particularly in the East. More than that, I strongly suspect that the major beneficiaries of the Interstate are private carriers, though there aren't very good statistics as to what private carriers are doing to the railroads and to the common motor carriers.

We could talk about a lot of things. The fact that railroads are at a huge

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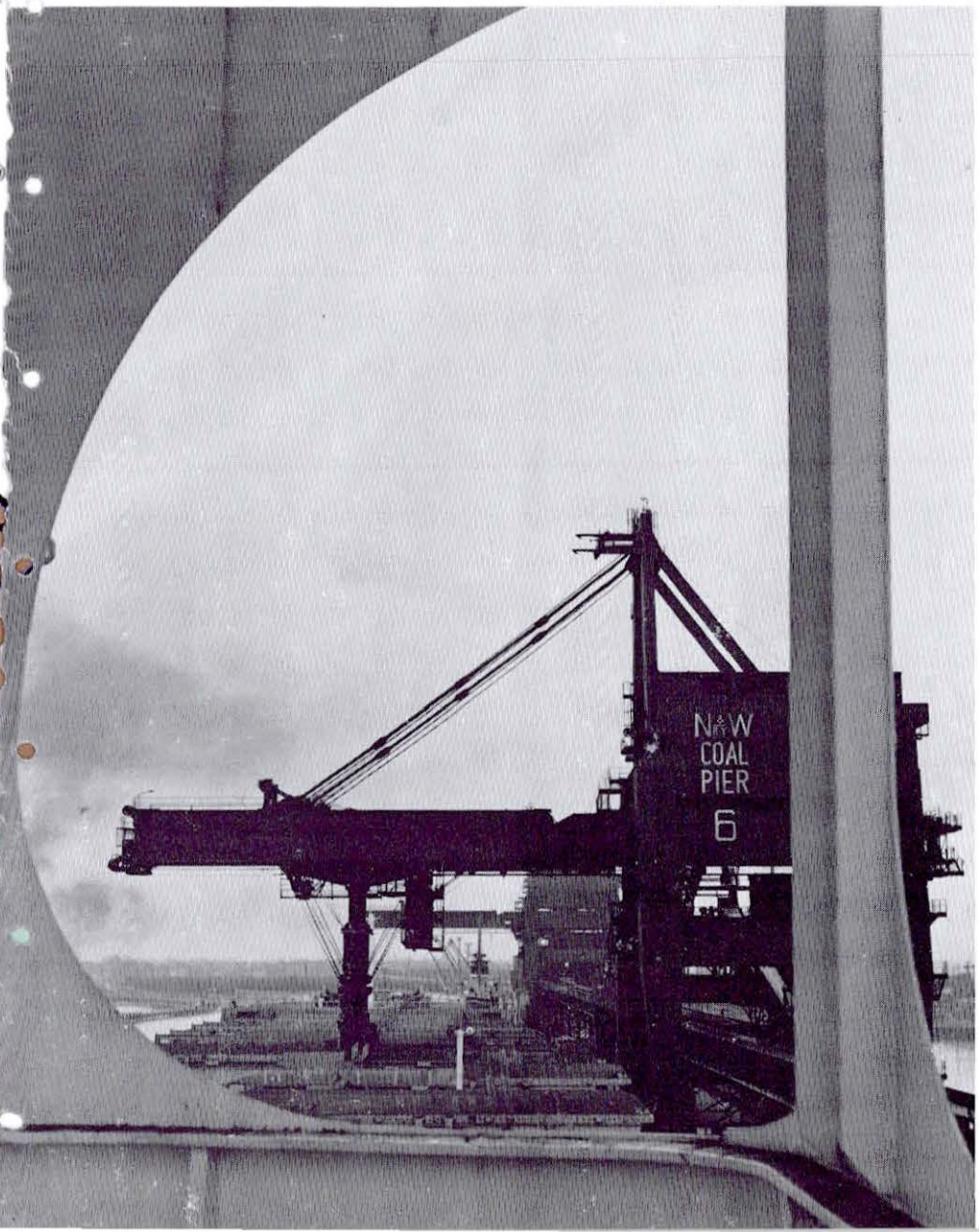
NW's 24-mile Martin County, Ky., coal/line is road's biggest such project in 35 years.

COAL STILL ACCOUNTS for 40% or more of NW revenues, and the outlook is for a stepup in export of metallurgical coal and in dommestic use of relatively low-sulphur coal.



disadvantage with respect to costs of maintaining rights-of-way. The fact that while on hauls of somewhere around 300 miles our over-the-road unit costs are lower, the trucks can still beat us to death on terminal costs. The fact that this "circle of competition" existing between rails and trucks is being extended and expanded substantially because of the Interstate. The fact that once a company gets into private trucking, there's no real incentive to get out, because once you're in—you're in, you don't know whether you made a mistake or not, and you don't really know if you could get better service from either railroad or common-carrier truck.

Q. Is there an answer, in the East or anywhere?

A. In the national interest, there are certain kinds of traffic that ought to be handled by rail, to keep down pollution and urban-clog and so forth. To an extent, this has been recognized in Europe—the need to have some restriction on use of trucks. It may be that something like this should be considered here. We now have a kind of no-policy policy. Supposedly, we let free competitive forces take effect. But they aren't free competitive forces. They're largely pre-determined by government policy that wasn't really designed to do this—but which collaterally did it.

Under present circumstances, I'm convinced that the East is not going to grow as fast as other sections of the country, in terms of rail traffic. For instance, on the basis of MACRO-Economic projections made by consultants to the trustees in the Penn Central bankruptcy proceedings, it is estimated that eastern railroads will originate 606.5 million tons of freight in 1981. This is only about 10% more than the 558 million tons of freight those railroads originated in 1970. This would be a growth rate of only about .8% a year from 1970, and that's not very much growth. It's not a very attractive picture for the eastern railroads—which admittedly do not have enough traffic now to support all the railroad that exists in the East. As I see it, if the PC consultants' projections are accurate, we're going to have to have substantial contraction of eastern railroad mileage, or a very substantial increase in efficiency, or some kind of government support.

Q. What positive aspects do you see? Or, to put it another way, why are you—as an individual—staying in the railroad business?

A. In the first place, I'm in it. But really, the railroad industry is an

pressive results. Last year, NW added 126 industries (new or expanded). Through just the first six months of '72, there have been announcements of 99 new plants or expansions. Industrial activity has been particularly strong in Virginia, which accounted for 25 of the 99. James E. Carr, vice president-sales, says NW sees high interest and a good potential for second-half 1972, which means that '72 "could be our biggest year."

—New organization in the merchandise department, with the basic functions split up into sales, under Jim Carr, and pricing and marketing, under Vice President John R. McMichael.

—An improved performance in the recruiting/training area. Leon Atkinson and Jim Carr, for instance, are extremely high on the people NW is attracting into its programs; they are also encouraged by the improved training NW has been able to give them. At the same time, training programs for present supervision are not being neglected, and NW is well along with one particular program in an area that is of concern to just about every major company in the industry: Orientation of operating/transportation supervisors on what the computer can do and how to use it. NW worked with IBM on this program, which involves five-day training sessions in Roanoke for classes limited to 15 or 16 students. NW is holding these classes for supervisors down to the rank of assistant trainmaster; 13 have been completed, with three more on the schedule.

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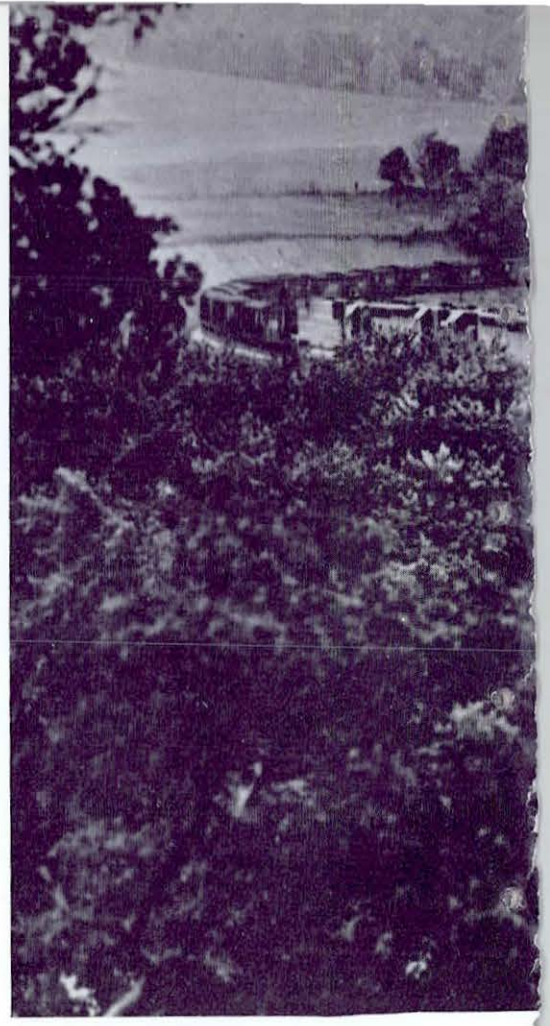

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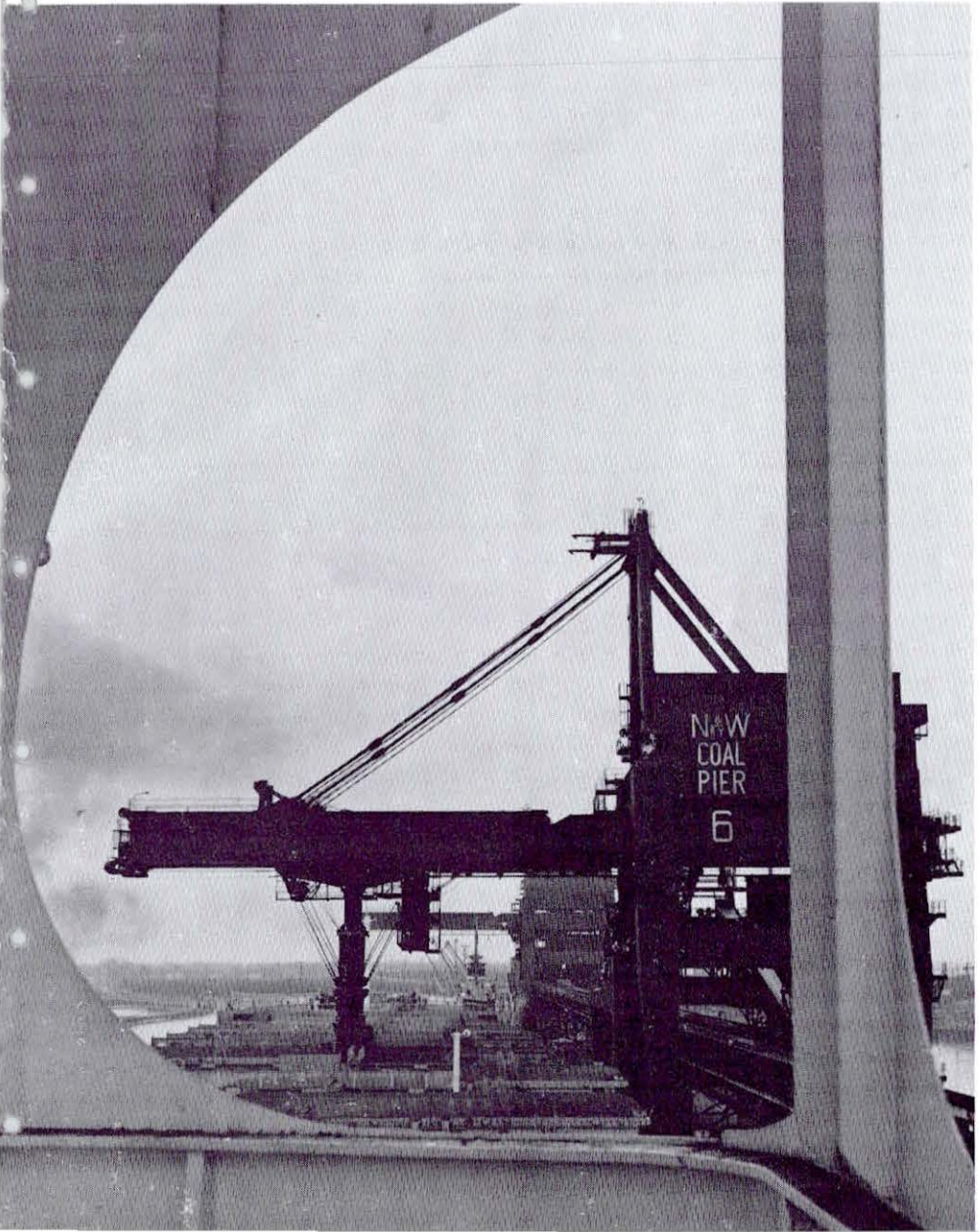
WORLD MARKETS for metallurgical coal are important to Norfolk & Western.

NW's 24-mile Martin County, Ky., coal/line is road's biggest such project in 35 years.

COAL STILL ACCOUNTS for 40% or more of NW revenues, and the outlook is for a stepup in export of metallurgical coal and in dommestic use of relatively low-sulphur coal.



disadvantage with respect to costs of maintaining rights-of-way. The fact that while on hauls of somewhere around 300 miles our over-the-road unit costs are lower, the trucks can still beat us to death on terminal costs. The fact that this "circle of competition" existing between rails and trucks is being extended and expanded substantially because of the Interstate. The fact that once a company gets into private trucking, there's no real incentive to get out, because once you're in—you're in, you don't know whether you made a mistake or not, and you don't really know if you could get better service from either railroad or common-carrier truck.

Q. Is there an answer, in the East or anywhere?

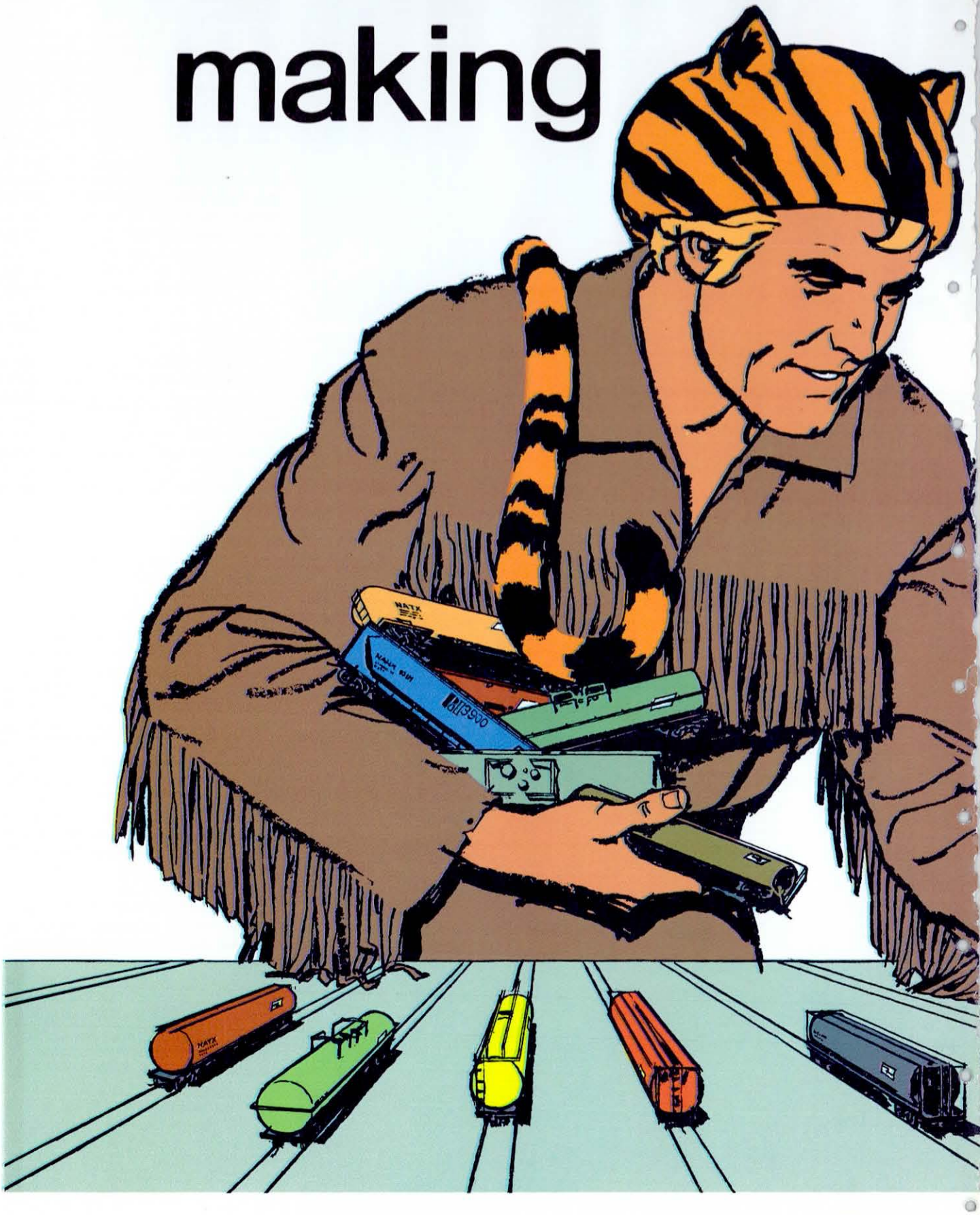
A. In the national interest, there are certain kinds of traffic that ought to be handled by rail, to keep down pollution and urban-clog and so forth. To an extent, this has been recognized in Europe—the need to have some restriction on use of trucks. It may be that something like this should be considered here. We now have a kind of no-policy policy. Supposedly, we let free competitive forces take effect. But they aren't free competitive forces. They're largely pre-determined by government policy that wasn't really designed to do this—but which collaterally did it.

Under present circumstances, I'm convinced that the East is not going to grow as fast as other sections of the country, in terms of rail traffic. For instance, on the basis of MACRO-Economic projections made by consultants to the trustees in the Penn Central bankruptcy proceedings, it is estimated that eastern railroads will originate 606.5 million tons of freight in 1981. This is only about 10% more than the 558 million tons of freight those railroads originated in 1970. This would be a growth rate of only about .8% a year from 1970, and that's not very much growth. It's not a very attractive picture for the eastern railroads—which admittedly do not have enough traffic now to support all the railroad that exists in the East. As I see it, if the PC consultants' projections are accurate, we're going to have to have substantial contraction of eastern railroad mileage, or a very substantial increase in efficiency, or some kind of government support.

Q. What positive aspects do you see? Or, to put it another way, why are you—as an individual—staying in the railroad business?

A. In the first place, I'm in it. But really, the railroad industry is an

The New North making



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Today, it's the world's most flexible fleet of specialized railroad cars.

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The New North Americans now offer the full range of individually-tailored leasing programs.

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Or you may prefer a net finance lease, for new or rebuilt equipment, through our new subsidiary, NAC Leasing Corporation.

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Green Bay, Wisconsin
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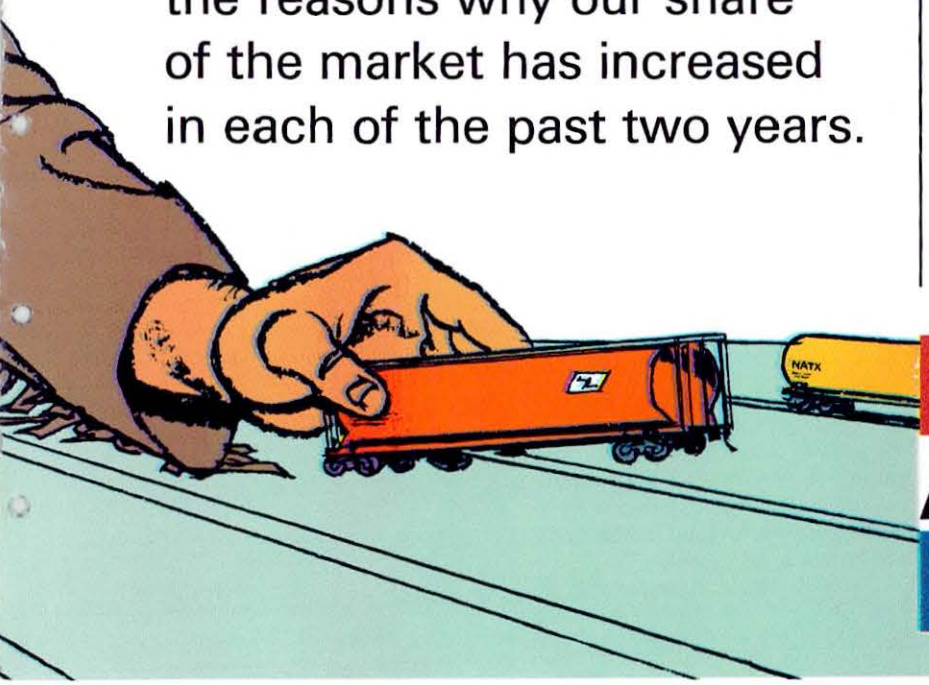

NORTH AMERICAN CAR

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essential industry. It has great problems. Somebody has to solve them. As just one person in the industry, I want to help solve those problems. Of course, it's easier to be in an industry that has annual growth of 10% or 15% built into it. But this country's future depends to a very large extent on how well we can run the kinds of industry which do not have this built-in growth and which are not in a rapidly-expanding area. And there are great opportunities, I think, to improve the lot of the railroads.

Q. Opportunities such as. . .
A. I believed at one time that one great opportunity was merger. I was in favor of NW/C&O/B&O, which we had on the burner for some time. We were thwarted largely because of the PC experience. Suddenly, no one seemed to have confidence in the success of large-scale mergers. But I think it's inevitable that we will have further and substantial rail consolidations. They are essential, if we're going to operate a viable railroad system.

In the meantime, there are other great things to be done. We have the opportunity and responsibility of improving service. We have a great challenge in the use of the computer, and I don't believe we have yet tapped the full potential—anything like the full potential—in this area. Consider the opportunities and the challenges in working with people—recognizing that we're faced with changing lifestyles and a changing work-force and that we must make working for a railroad more attractive. Consider the need for adopting more-modern management techniques. As one example, we're working on long-range projections of capital requirements, of opportunities for investment. We're using such techniques as the decision tree to help us make our judgments. So far, we're projecting to 1980. Each year at the appropriate time we'll make our decisions, based on the appropriate factors, as to what our investment should be in the year ahead. And we'll keep rolling this over. At least on our railroad, this is something new.

Q. When you talk of "opportunities for investment," are you talking about non-railroad opportunities?
A. One of the big problems in the industry is the fact that it is very often difficult to justify investment—in freight cars, for example—on the basis of return on investment. This, I think, is one factor that has led a number of roads into putting money into something other than the railroad business. We have no plans to do that. We feel we have an obligation to operate this company as a railroad—and we also feel we had better try to do that to the best of our ability.

We have been limiting our investments to those which will produce a profit. If it doesn't have a profit factor in it, we don't put our money in it. And I have to believe that this is one of the major impediments to greater railroad investment in freight cars. We would buy more cars—if we could see the kind of return we ought to have.

Q. In the financial context, how strong is NW?
A. Strong—and we intend to stay that way. For instance, at the end of June 1970 we had $61 million in cash. At the end of June 1972 we had $100 million, a 65% increase. At the end of June two years ago we had $30 million in working capital. At the end of June this year we had $57.6 million, a 92% increase. And we have not increased our debt in that period. We are in better financial condition today than we have been in the past five years.

But we can't just sit back and say that everything's fine. We can't say that despite coal strikes and rail strikes and a decline in business, we're OK because our cash and working-capital positions and our general financial conditions are better.

We are in the East. Fortunately, we don't have a problem of survival on NW, as do the roads in bankruptcy. But we have many of the same problems eastern railroads have. Over-all, I would have to say that eastern roads have the toughest problems of any railroads in the country. But, just as the problem in our area is not just a Penn Central problem, so the problem in the East generally is not just an eastern-railroad problem.

If you look ahead, I think you have to look at the whole railroad industry, because we are a system. The PC situation, for example, has to be as much a concern to southern and western railroads as it is to other eastern railroads, including NW. The same goes for the total situation in the East—which represents the biggest chunk of bankrupt railroad mileage we've ever had in one territory at one time.

I know that all railroad people don't think alike on all issues, and probably never will. But I have to come back to the point that the industry has a bigger problem that just PC or just the East. I also know that a lot of people want to lay the eastern problem to bad management. But the problems besetting eastern railroads have not wholly been management problems. Management of all the bankrupt railroads, I'm convinced, simply did not have a fair, fighting chance to make it. I know, for one thing, that Erie Lackawanna had good management—at least after I left them. And they went down. They didn't have a fair, fighting chance, but they fought to the last grunt.

This whole situation is a concern of the whole railroad industry and of the whole country. It's a situation I wish I had some solution for.

MANAGEMENT CLOSE-UP

"NW is strong–

Legend used to have it that all a management had to do at Norfolk & Western was roll the loaded coal hoppers down hill, haul the empties back up hill—and count money.

Back in the days when NW was a coal-hauler and not much more, there might really have been something to the "legend." But no more. In current-history terms, the first big change came in 1964 with the Nickel Plate merger and lease of Wabash. The second, most observers might agree, came in 1970 when John P. Fishwick came home to Roanoke after two years in the chairman/chief executive seat at Erie Lackawanna.

The Nickel Plate/Wabash consolidations brought a couple of major shifts to the makeup of NW. Overnight, NW gained a far broader traffic mix, as well as a much longer reach to the west, northwest and north. Also overnight, however, NW bade farewell to the glory days of operating ratios in the mid-50s.

Today, thanks to expansion and strong emphasis on industrial development, when NW counts its freight revenues, it finds a 60/40 split, with coal, coke and ore on the 40 side. Those were last year's revenues and included the effects of a 45-day coal strike; a more reasonable year was 1970 but even then the division was 56/44 and it seems logical to expect that over the years the contribution of merchandise freight to the total will continue to inch up.

CONTRIBUTORS TO

Robert B. Claytor
Executive Vice President

and we intend to stay that way"

● **The ratio rises.** Operating figures are something else. In 1962 and '63, premerger, NW was sailing along with operating ratios of 56.6 and 55.9. With the consolidations, the ratio shot up by about 11 points. Worse, it kept on climbing, reaching 72.5 last year, and it's only now that NW seems to have it on a downtrend. Ratios in the first and second quarters of 1972 were 68.9 and 70.7, with the difference largely accounted for by a slight drop in the M/E ratio and a bigger increase in M/W.

Financially—despite the bankruptcy of EL—Norfolk & Western continues strong. Despite last year's coal and rail strikes, net income (before an Amtrak-related extraordinary charge) was up by $6.4 million, to $77.7 million—and that meant NW had brought 10.68% of gross down to net. This year (again, before extraordinary charge), NW reported another increase in net, from $45.4 million in first-half 1971 to $48.5 million for the first six months of '72. With the EL-related charge figured in, this year's first half showed a $19.6-million loss for NW and a $1.8-million loss on a consolidated basis. At the close of 1971, NW current assets continued to run somewhat under current liabilities and debt due within one year; and there are those who might regard NW's past dividend policy as a high-side one in relation to per-share earnings. At the same time, NW has a strong income position and it has managed to make substantial improvements in its cash and working-capital positions. As Jack Fishwick puts it, NW is "strong—and we intend to stay that way."

● **How NW does it.** At NW, underlying strength is made up of a number of elements:

—An operating philosophy geared to consistency of service performance as well as to a speedup of train movements. The goal has been 85% ontime performance, on a no-leeway basis. And over the May-June-July period this year, General Manager-Transportation Leon Atkinson, Jr., can point to ontime-or-better figures of 84%, 85% and 86%. (If "ontime" is defined to include the less-than-two-hours-late group, the performance figure climbs to about 96%.)

—Operating patterns which are providing an improved service, giving NW better equipment utilization and improving the road's car-hire situation. Runthroughs play a major role, and by NW's definition (which includes unbroken movements across a number of NW operating districts as well as interroad runs) NW now has 42 runthroughs. Most recent arrangements have been made through Chicago with Burlington Northern, Milwaukee Road and Chicago & North Western. Other through moves involve such roads as Union Pacific, Santa Fe, EL, Western Maryland and Reading. Currently, NW is looking at still another possibility which would involve a runthrough on Midwest/Florida traffic via NW and Seaboard Coast Line. What has happened to car utilization and the car-hire situation? One measure Leon Atkinson cites is average days of foreign cars online—and since the runthrough concept became popular that figure has dropped from 8.15 days to 6.48.

—An equipment fleet which is both modern and well-maintained. The freight-car fleet adds up to more than 116,000 units, of which almost 67,000 are open-top hopper cars. Average age of NW's 1,660 locomotive units is only about 10 years. With the addition of 109 units last year, NW has boosted its unit count by 17% and its total horsepower by almost 50% since 1964. And, while the road was out of the motive-power market this year, it has under way a five-year look-ahead study (in conjunction with a builder) and a resumption of power acquisition can be expected.

—Fixed-plant improvements on a stepped-up basis. Last year, for example, installations of both new and relay rail and of crossties were up sharply from the averages of the preceding five years. It may or may not be true that for some years NW had been living off the excellent maintenance practiced in earlier years; current figures indicate that if that were once true, it isn't any longer.

—A no-nonsense approach to industrial development that is producing im-

NW STRENGTH

James E. Carr
Vice President-Sales

Lawrence T. Forbes
Vice President-Coal and Ore

Leon Atkinson, Jr.
General Manager-Transportation

To improve your service we "preview" schedule changes.

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Let's say Southern is considering rescheduling the 7 p.m. freight out of New Orleans for 3 hours later. It could then pick up late-arriving shipments and move them out sooner. But how would this change affect connections at Birmingham? Chattanooga? Other terminals? Would service improve overall?

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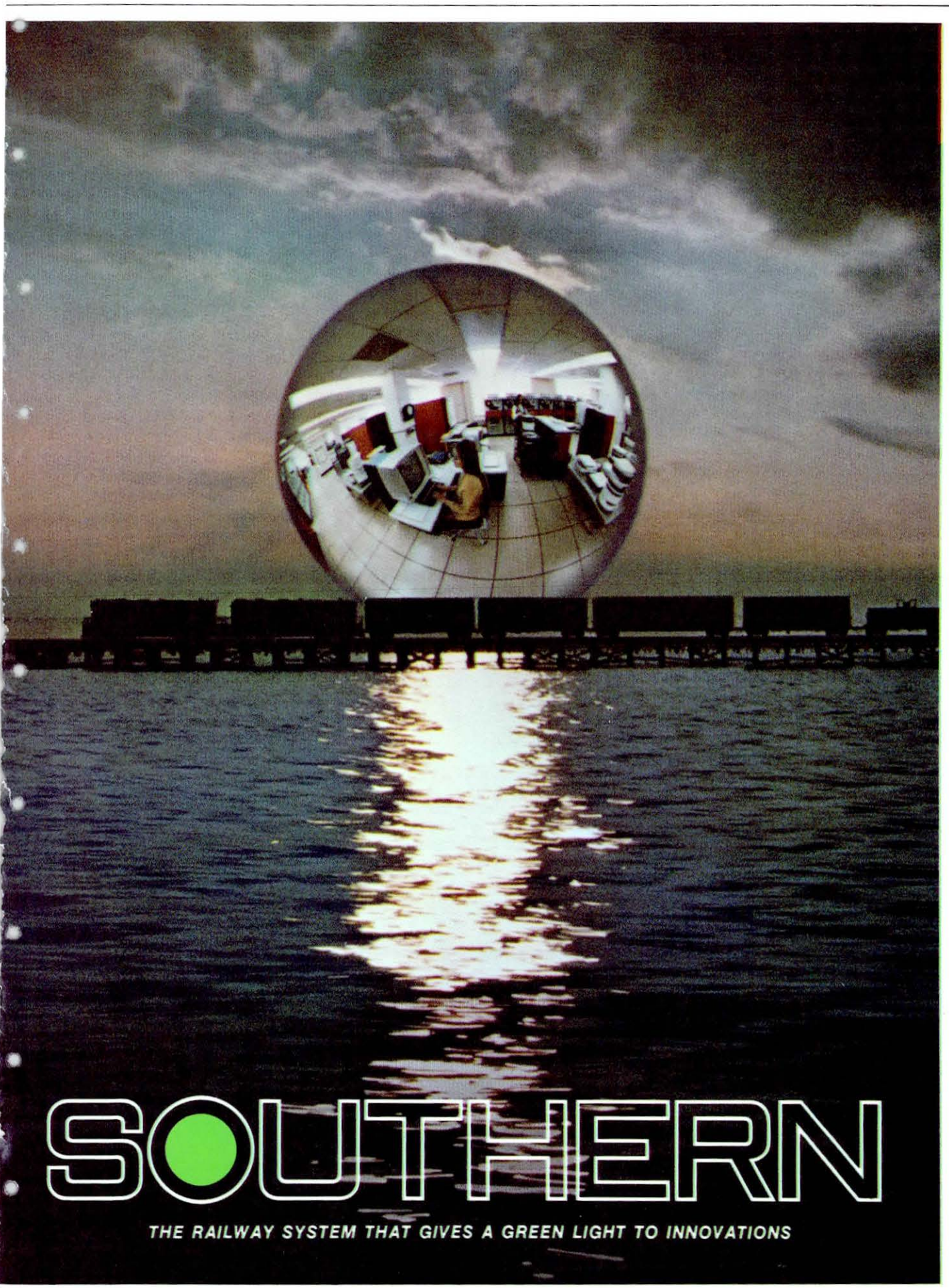
SOUTHERN
THE RAILWAY SYSTEM THAT GIVES A GREEN LIGHT TO INNOVATIONS

pressive results. Last year, NW added 126 industries (new or expanded). Through just the first six months of '72, there have been announcements of 99 new plants or expansions. Industrial activity has been particularly strong in Virginia, which accounted for 25 of the 99. James E. Carr, vice president-sales, says NW sees high interest and a good potential for second-half 1972, which means that '72 "could be our biggest year."

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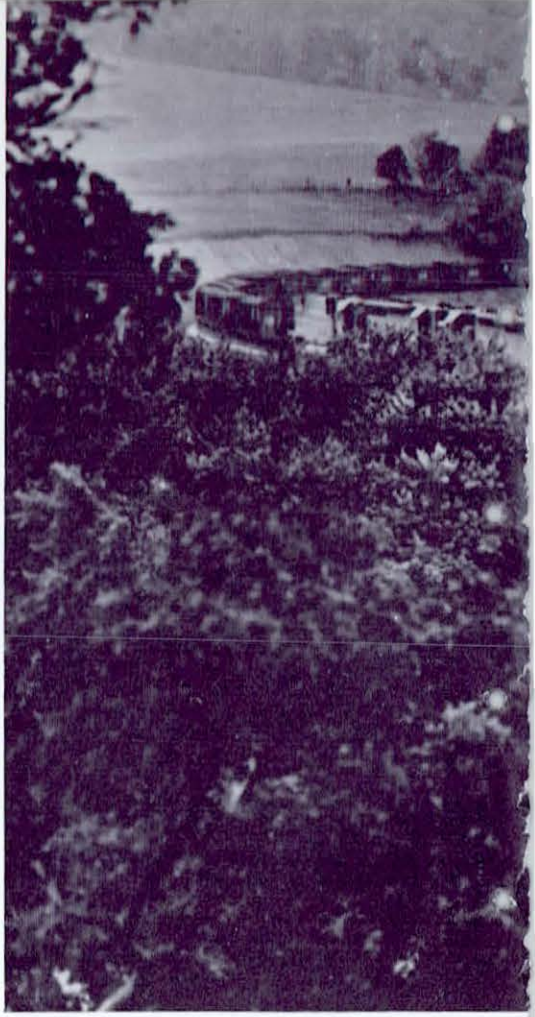

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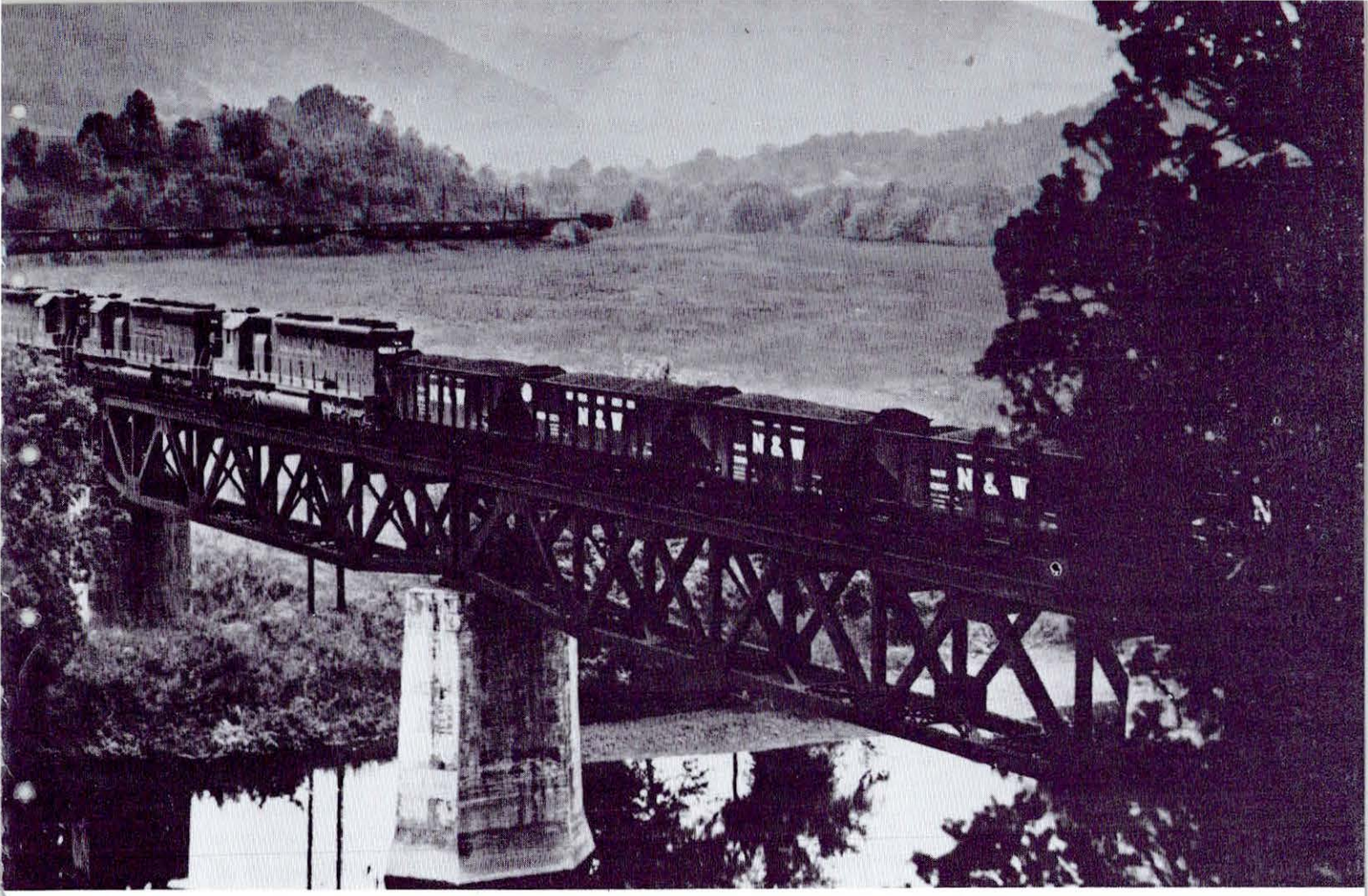


carrying costs. You come to one conclusion. The railroads are just at an impossible disadvantage."

Is Congress likely to help? Fishwick is hopeful—but not overly so—and he has little good to say about the freight-car bill that cleared the Senate Commerce Committee on its way to the Senate floor. That particular bill has a provision that no company making use of its loan guarantees can increase its dividend. And as NW's president sees it, the bill "is of no value to any company that's in the black. How could I go to our directors and how could they go to our stockholders and say we're committing our company to no growth on investment for 15 years or so? I think the stockholders would say 'Well, if that's the kind of management we have, maybe we'd better get somebody else.' Management doesn't usually try to talk itself out of office that way."

● **The fight for traffic.** What management does try to do at NW is to build profitable business—and, as Fishwick points out, in eastern territory that is no easy task. Still, there are bright spots. NW's piggyback loadings, through the first seven months, were up by almost 9%. New-automobile traffic has been a winner again—though, as Jim Carr cautions, the automobile industry has had good years back to back and historically a third good year in a row comes hard.

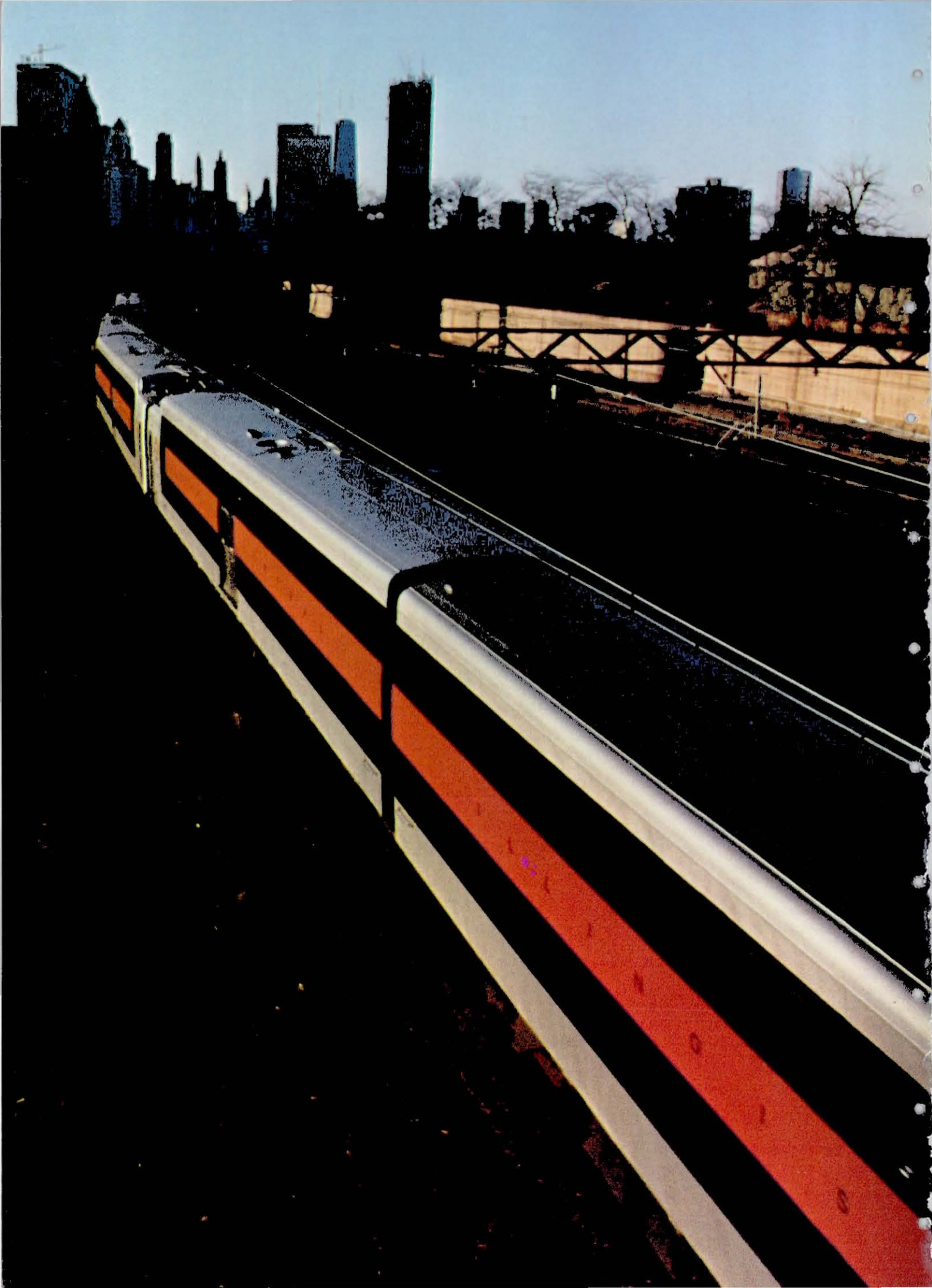
And then there is coal—the basic reason for the old Norfolk & Western's existence, and a commodity about which neither Jack Fishwick nor Vice President-Coal and Ore Traffic Lawrence T. Forbes can talk as optimistically as they wish they could.

On the bright side, Larry Forbes can point to a good export potential—with high-cost mines in Europe being closed, for example, and with new steel plants being located with an eye toward import of coking coal. For the first time in a number of years, NW-originated coal is being put ashore in Great Britain, as the British steel industry tries to make itself more world-competitive. For the first time, too, NW-originated coal is going into New York/New Jersey utility markets for blending with higher-sulphur coal from northern mines. Just this month, NW was scheduled to complete its $22.4-million, 24-mile Martin County, Ky., coal line—biggest rail construction job on NW in 35 years and a line that will tap coal reserves estimated at about 300 million tons. And in West Virginia, Columbia Gas is going into mining and marketing operations which will involve mining and movement of coal—not mining and gasification of coal as originally planned.

At the same time, the coal-mining business—and NW—have been hit by a number of minus factors. New Federal health-and-safety regulations require compliance which can be both expensive and production-limiting. Labor problems are forcing mine operators to open new sections of mines merely to stay even with past year's productivity—and it is a losing fight: As of mid-1972, coal production generally was down by about 13% and some mines were down by as much as 35%. And the outlook for '73? As Larry Forbes points out, '73 "is the first year I can recall when we've not been aware of new mining operations being announced. It's true that a couple of mines will come into production next year—but there simply are no announcements of new projects."

So, there is deep concern on NW—but not depression, because NW has been down this particular road before. Says Forbes: "I can recall when we had empty hopper cars stored on side tracks up every hollow on the railroad. And a couple of weeks later, we were fighting a car shortage."

Things do change. And you come away from Roanoke with the feeling that at NW, nothing changes more than NW itself. The business isn't the same as it used to be—and neither is NW. As Fishwick puts it, in a tone that reminds you of velvet over steel: "I doubt that there's another railroad in the country doing more self-reexamination." ■



COR-TEN Steel gives short-haul Highliners long-haul durability.

USS COR-TEN High-Strength, Low-Alloy Steel: another way U.S. Steel helps railroads get more for their money.

Each of these new electric Highliner cars seats 156 Illinois Central commuters in climate-controlled comfort. IC leases the cars from the Chicago South Suburban Mass Transit District. Eleven communities south of Chicago will be served by 130 of the double-deckers.

The Highliner weighs in at 67 tons. Its designers, IC and the St. Louis Car Division of General Steel Industries, saved weight by building with USS COR-TEN Steel throughout: underframe, ends, sides and roof.

USS COR-TEN Steel's 40 per cent strength advantage over carbon steel led the designers to specify it for the extra-strong underframe. Their unusual design (featuring USS COR-TEN Steel members with smaller cross sections) helped them achieve a triumph in space-saving. Without increasing car height over 15' 10", St. Louis Car engineers created enough space for traction equipment and all other undercar equipment.

Maintenance costs for the cars will be minimal, because paint lasts up to twice as long on USS COR-TEN Steel as on carbon steel.

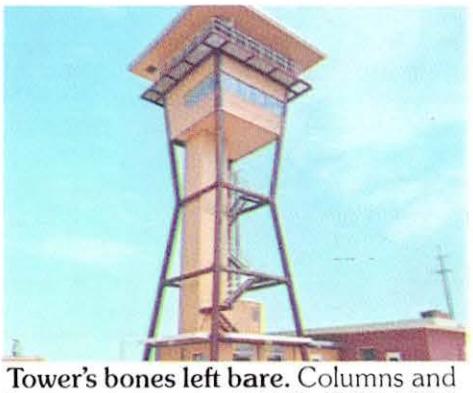
USS COR-TEN Steel has been used in more than 500,000 freight cars and 7,000 passenger and subway cars since its introduction in 1933. Could it help you design rolling stock that's both lighter and longer-lasting? Let us help you find out.

We're supplying steel—and good advice—on a lot of other projects important to the railroads: cars, rails, bridges, buildings. If you'd like to talk, phone your USS man or write U.S. Steel, Box 86, Dept. 7472, Pittsburgh, Pa. 15230.

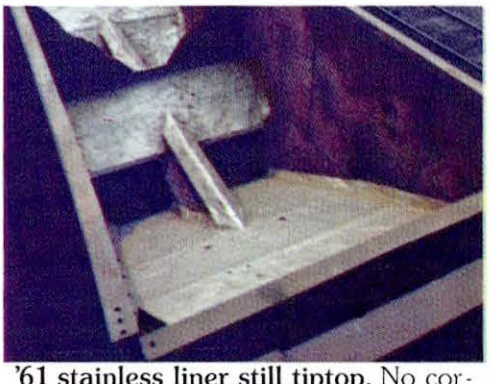
USS **United States Steel**

USS and COR-TEN are registered trademarks.

Weathered beauty for BART. Part of the new system to serve San Francisco and environs, station and supporting bridge are bare USS COR-TEN Steel.



Tower's bones left bare. Columns and beams of unpainted USS COR-TEN Steel support this 70-foot tower in the Santa Fe yards, Kansas City, Kansas.



'61 stainless liner still tiptop. No corrosion loss: that's the verdict on these quick-emptying hopper-floor sheets of USS Type 302 Stainless Steel.

45% of polled shippers report improvement in service reliability

59% have in the past diverted shipments to truck—but some of that traffic is coming back.

With most shippers, it're reliability—not speed—that counts. On that score, many an irate shipper has been ready to count the railroads out. In recent years, considerable tonnage has been diverted to motor carriers, whose service is more predictable (if, on the average, about 20% costlier).

Now there is evidence that the picture is changing, and the change is in the railroads' favor.

Of 104 shippers participating in Railway Age's September Traffic Poll, 47 (or 45%) report a discernible improvement in service reliability in the past year. While 61 of these shippers (59%) say that they have at some time diverted shipments from rail to truck due to the failure of railroads to meet promised schedules, there are indications that some of this traffic is being returned to rails. Says J.G. Ringleb, transportation manager-equipment and services, Kimberly-Clark Corp., Neenah, Wis.: "Railroad service has improved noticeably in the past year—and we have returned substantial tonnage to the rails."

For dependability, piggyback remains a solid favorite with the customers. Seventy-seven of the 104 shippers polled by Railway Age use trailer-on-flat-car service—and 62 of these find piggyback more reliable than carload service.

"The railroads are really trying and for the most part box-car service is better—but piggyback has a lot more to offer in competition with over-the-road carriers," says Jerome P. Chopskie, general traffic manager of Bridgeport Brass Co., Bridgeport, Conn.

Fewer than 16% of the voting shippers report a deterioration in service reliability from year-ago levels.

● **Run-through operations help.** Four major shippers give run-through operations much of the credit for service improvements.

Says Allen K. Penttila, corporate director of traffic and transportation for Evans Products Co., Des Plaines, Ill.: "The principal area of improvement has been where run-through trains have been established. Service other than this has remained essentially the same on an over-all basis—still unpredictable and unreliable."

E.S. Rosenzweig, traffic manager, Longview Fibre Co., Longview, Wash., says much the same thing: "Long-haul service has been very reliable especially on run-through routes to the East and Southeast. Routes other than these are very inconsistent, taking 11 to 15 days to the New England area from the West Coast."

While finding that "there is still room for substantial improvement," R.H. Heilman, corporate director of transportation, A.O. Smith Corp., Milwaukee casts a strong vote for run-through trains: "Our experience indicates that the run-through terminal services being established by many of the carriers working cooperatively have improved service as a whole"

Charles W. Hall, director-transportation for Armco Steel Corp., Middletown, Ohio, also finds "improvement in transit time on long-distance moves where cars are blocked and moved on run-through trains." (He notes, however, that "the bulk of traffic is moving in single cars or three or four cars, and it is here that service has not improved." (Despite improved railroad service, Hall sees a continuing shift of traffic to highways: "Motor carriers are going to increase their participation. Less transit time. Lower incidence of loss and damage. Buyers can carry lower inventory, and that is a big factor with companies who have good control of finances.")

● **Kudos for Penn Central.** A number of shippers single out Penn Central for kudos.

"There has been a marked improvement in the Penn Central System," reports T.A. Wilker, director of distribution for Union Carbide Corp., New York.

"Improvements noticed have been principally due to Penn Central improvements," affirms J.J. D'Arcy, general traffic manager, Congoleum Industries Inc., Kearny, N.J.

And Joseph F. Stoerrle, corporate traffic manager for the Budd Co., Philadelphia, observes: "Rail service has improved considerably at our plants, particularly service by the Penn Central people who are particularly to be commended for their service during the recent floods in the northeastern states. Other eastern railroads are also to be commended for the manner in which they performed in the emergency."

A sampling of comments from other shippers who have found railroad service increasingly reliable:

Martin E. Coughlin, director of traffic, T.J. Lipton, Inc., Englewood Cliffs, N.J.: "There has been a marked reversal of the past few years."

Dwight L. Koerber, executive secretary, Coal Traffic Bureau, Pittsburgh: "The quality of service has definitely improved on some lines due to a concerted effort by all concerned. In other instances, the improvement is related to a lowered demand for cars because of a general economic slowdown."

Eugene P. Springer, rate analyst, Public Utilities Commission, Pierre, S. Dak.: "This regulatory commission makes no shipments by rail—but we do, from time to time, receive complaints with regard to carrier service. On this basis, we have reason to believe rail service to our South Dakota people has improved, especially car supply. We don't know of any diversion of traffic due to service—only a little due to rates." *(Continued on page 38)*

SEPTEMBER TRAFFIC POLL

1. Has reliability of railroad service in the last year:

Improved?	47
Deteriorated?	16
Remained the same?	41

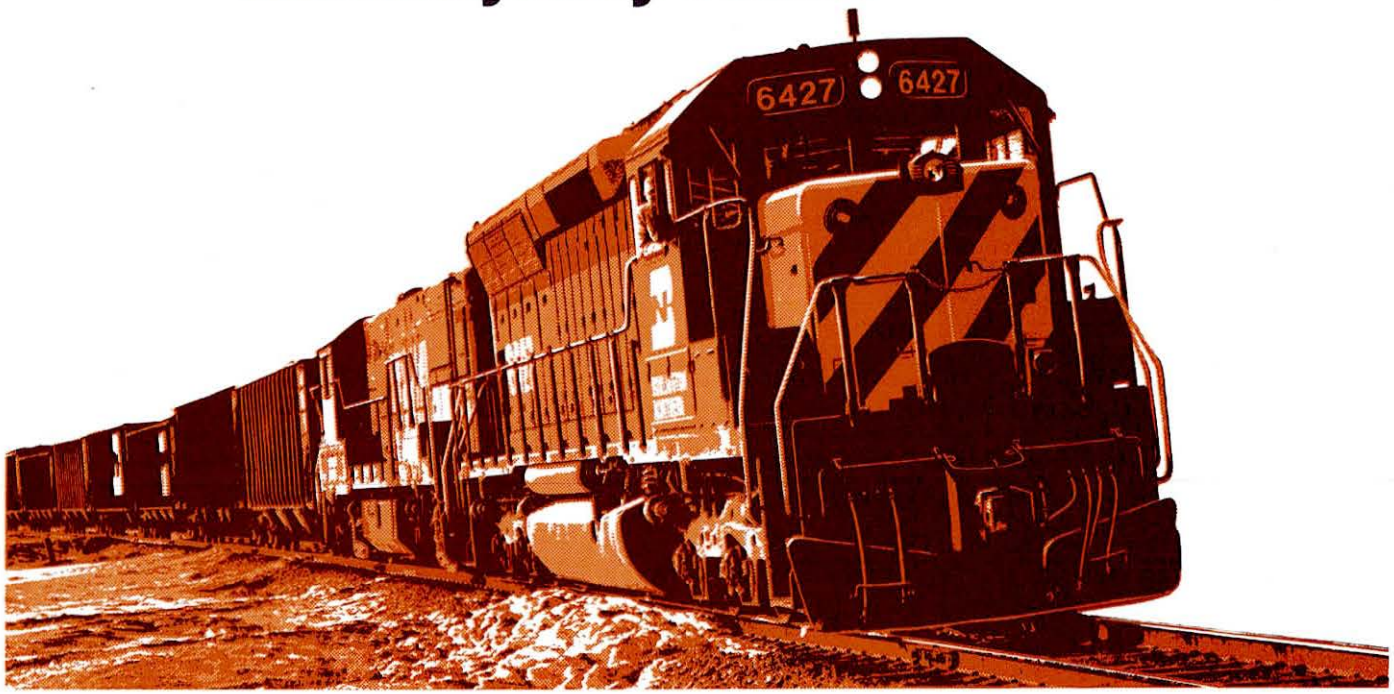
2. Do you find piggyback more reliable than carload service?

Yes	62
No	15

3. Have you shifted freight to highways due to unreliability of rail service?

Yes	61
No	37
May do so	6

Another 1,800 miles of microwave ...turnkeyed by Collins



From Chicago to Spokane via St. Paul-Minneapolis, and through 7,000-foot passes in the Rockies. A 93-station microwave network for Burlington Northern.

The system will extend Collins' total microwave installations to more than one million miles.

Scheduled for operation in August, 1974, the network will be a completely solid-state modular system for voice, data, telegraph, and facsimile. The system will be easy to expand and easy to connect with the networks of other railroads.

It's a system designed to take care of itself.

Features:

- Optimum combination of space diversity and hot standby for all backbone paths.
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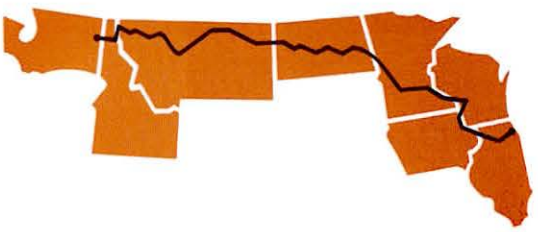

Collins microwave: A million miles and growing.

COLLINS

Circle 11 on coupon page 35

THE TIE THAT BINDS.

It isn't hard to fall head over heels in love with the idea of owning something special.

Like a shiny new 20,000 gallon tank car.

But that kind of an affair has its drawbacks.

For one thing, it can cost you a good deal of your freedom.

You'll find you've got more and more precious capital tied up in those cars. You'll find that money has a way of disappearing into the repair shop and never coming out again.

And you'll find it's only a matter of a few years before something newer and better catches your eye, and there you are, stuck with last year's model.

The next time you're thinking of getting hitched to a piece of major capital equipment, like a tank car, or a ship, or a storage terminal, or an airplane, we hope you'll think of us.

Leasing your 20,000 gallon tank car from us may not be quite the same as having your very own true love.

But there's no need to worry.

In this case, there are 7,436 more exactly like her, all yours for the asking.

GATX

General American Transportation Corporation, Chicago 60680

Circle 12 on coupon page 35

New Products Report

Polystyrene shipping pallet is compatible with shrink wrapping

A new and improved lightweight, reinforced polystyrene shipping pallet from Willcox & Gibbs' Spur Division can handle loads up to 3,000 pounds. Sizes vary from 42 in. by 48 in. to 36 in. by 36 in., with either two- or four-way entry. Depending on size, style and density, a pallet may weigh as little as four pounds—none is heavier than eight pounds. They are highly compatible with shrink wrapping to provide a secure, waterproof, palletized shipping unit. One person can easily handle the pallet. Spur pallets can be nested.

Circle 60 on reader service card

Compact knuckleboom can be handled by one man

Cascade Corp.'s truck-mounted compact knuckleboom can load, unload and place at the repair site all equipment and supplies necessary for a switch or crossing repair—including switch frogs, rails, barrels of bolts, spikes, plates and even large compressors. The knuckleboom takes less than two feet of space between the bed and cab of a truck while performing most loading, unloading and placement functions usually handled by man, lift truck or straight boom. One man, usually the driver, handles the complete operation. It is not necessary, therefore, to tow a loading device, depend on a crew or wait for a mechanical loader at either the loading or unloading site.

Circle 61 on reader service card

Virtual storage can speed and simplify computer applications

IBM's system/370 virtual storage is an advanced technique that can significantly speed and simplify development of many computer applications, including remote computing networks and on-line inquiry systems. Virtual storage can increase productivity of programmers by freeing them from much time-consuming and routine work. Virtual storage is a storage management technique that makes a system/370 appear as if it had up to 16 million characters of main storage—many times its actual capacity (main storage sizes in system/370 now range from 96,000 to four million characters). This permits concurrent processing of computer programs that, in total size, exceed storage capacity. With virtual storage, now large-scale applications can be tested immediately, without stopping regularly scheduled processing or waiting for time on the computer. Virtual storage allows teleprocessing applications to be designed so that main storage can be allocated more efficiently in meeting terminal users' demands for computing time. Rush jobs, such as a management report, can be run without interrupting other processing.

Circle 62 on reader service card

Solid-state remote printer is for electronic weighing systems

A new solid-state, cable-connected tape and/or ticket printer for use with electronic weighing systems has been introduced by the Weighing Systems Division of Fairbanks Morse. The printer, called Electron I, relieves fixed-installation problems imposed by mechanically attached weighing system printers by allowing remote cable connection to the weighing device over practically unlimited distances. The printer accepts

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Inquiries can be processed only if title and company are shown. 9/25/72

binary coded decimal information from a weighing strument and converts it to the decimal data required for setting up the print module wheels. No ribbons or ink cartridges are required; printing is accomplished by an impact mechanism.

Circle 63 on reader service card

Biodegradable product prevents icing, speeds ice-snow removal

DeFreeze—a new, liquid compound that prevents ice formation or speeds its removal—has been announced by Oakite Products, Inc. Sprayed on surfaces before a storm, DeFreeze prevents freezing precipitation from bonding to exposed surfaces. Applied after a storm, it percolates through accumulated ice or snow, breaking the bond; after a brief period, snow or ice is easily removed by plow, scraper or shovel.

DeFreeze is non-corrosive to iron, steel, aluminum, magnesium and copper. It will not cause pitting and flaking of concrete, nor will it destroy plant life or vegetation. Since it decomposes biologically, there is no chloride pollution of well water or streams. Each drum of DeFreeze comes with a free sprayer for fast, simple application.

Circle 64 on reader service card

NEW LITERATURE

CONCRETE CROSSTIES. The British firm, Dow-Mac Concrete Limited, has published a full-color, illustrated brochure describing its prestressed concrete mono-block railroad crossties. The in-track life of a Dow-Mac crosstie, says the brochure, is estimated to be not less than 50 years, in any climate. Along with much technical data, the brochure provides a concise summary of the development of the concrete crosstie, which, it says, is "the ideal medium for rail support."

Circle 70 on reader service card

MANGANESE TRACK CASTINGS. Abex Corp. offers a 24-page, illustrated booklet called "How to repair manganese steel track castings." The booklet discusses how the service life of the castings may be prolonged.

Circle 71 on reader service card

SIGNALING. General Railway Signal has released a series of three catalogs. One describes the company's air-cooled transformers designed expressly for use in railway signaling; another describes Models 7J and 7K switch circuit controllers, and the third describes GRS 37-channel carrier equipment, which provides an economical means of transmitting information from a remote field location to a control center.

Circle 72 on reader service card

RAPID TRANSIT. "The systems approach to urban mobility" is an 18-page, illustrated publication describing General Electric's new rail rapid transit car plant, the systems approach it employs, and the cars it has built. Also discussed is the role of rail transit cars in modern balanced transportation networks.

Circle 73 on reader service card

RAIL JOINTS. Permali, Inc., has prepared a four-page brochure presenting the firm's various types of insulated rail joints.

Circle 74 on reader service card

CLEANING COMPOUNDS. An eight-page booklet from Fine Organics, Inc., classifies maintenance and cleaning compounds for eight major industries, including railroads.

Circle 75 on reader service card

POLYURETHANE COATINGS. Hughson Chemical Co. has published a six-page, color-illustrated brochure outlining the advantages of polyurethane coatings for railroad and highway vehicles.

Circle 76 on reader service card

UNIT-TRAIN CARS. A paper on the application of atmospheric corrosion resistant USS Cor-Ten A steel for building unit-train cars has been issued by U.S. Steel.

Circle 77 on reader service card

ELASTOMERIC PARTS. "Ohio Rubber engineers the tough ones"—an eight-page, full-color brochure—offers illustrations and descriptive material about elastomeric parts for, among others, the railroad industry.

Circle 78 on reader service card

SIDE LOADERS. Raygo Wagner Piggy Packers pick, pack and place all trailers and containers, says a new brochure. The brochure gives details about seven models with lifting capacities from 50,000 to 90,000 pounds.

Circle 79 on reader service card

FURNITURE LOADING. A new AAR publication, about loading of furniture in closed cars and protection of equipment, revises an earlier pamphlet. It is available at 30 cents a copy, with discounts available for bulk orders.

Circle 80 on reader service card

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Unlike other finance lease firms, we approach freight car leasing with a total viewpoint. We understand the shipper's problems because our parent company is one of the largest shippers of building products. We know railroad needs, because we've long been a major supplier of freight cars and equipment to the industry.

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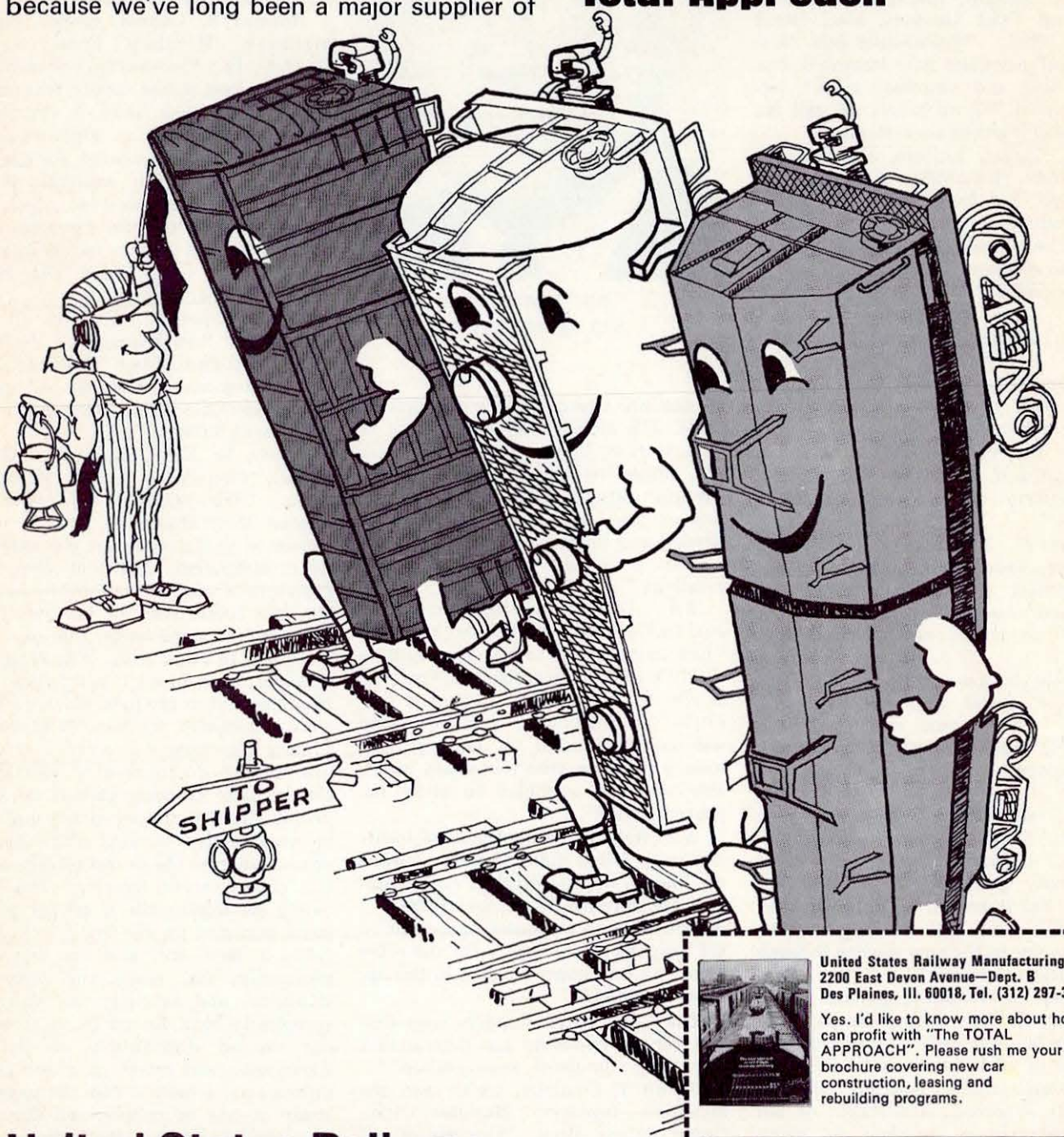
Total Approach



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Circle 13 on coupon page 35

"Run-through operations have improved service as a whole"

(Continued from page 32)

D.C. Ward, director of transportation, Hoerner Waldorf Corp., St. Paul, Minn.: "In our opinion railroad service has improved on the average, but there have been some bad spots—they just aren't as frequent as they were a couple of years ago. The same could be said, however, for truck service."

H.D. Barnard, manager of traffic, Diamond Fruit Growers, Inc., Hood River, Ore.: "Transcontinental and long-haul schedules have improved; but short haul and switching service has deteriorated. We no longer use rail for short haul if trucks are available."

N.C. Zollar, Lincoln Electric Co., Cleveland: "Reliability of service has improved. But there still seems to be poor communication; and lack of action within individual companies, as well as between different companies. Railroads are 'passing the buck' as well as losing it."

R.J. LaVigne, traffic manager, Hiram Walker & Sons, Inc., Detroit: "Our experience during the past year indicates that railroad service has somewhat improved. We feel that railroad service for our particular needs is adequate and we do not contemplate the shifting of freight to highway carriers."

Miles F. Tamisiea, general traffic manager, Theo. Hamm Co., St. Paul: "We believe that railroad service has improved—though it seems that the car we are in urgent need of still goes astray."

Harold Pockrose, director of transportation, David J. Joseph Co., Cincinnati: "With some carriers, service reliability has improved. We are still predominantly rail oriented but the volume of our truck shipments is on the increase each year."

H.H. Eubanks, manager of distribution, Lubrizol Corp., Cleveland: "Generally speaking, we find that rail service has improved significantly over the 1971 level. But we may shift to highway for traffic now moving through the Chicago Gateway."

Robert J. Kearney, general traffic manager, Celotex Corp., Tampa, Fla.: "We use highway service more and more because of transit time, not necessarily due to unreliability. Basically rails perform as expected. Availability of rail equipment is a problem in many instances; car service orders are not helping shippers."

J. Robert Morton, vice president-transportation, Combustion Engineering, Inc., Stamford, Conn.: "I feel that railroad reliability is tied to railroad productivity. We all know that the

R.H. Heilman
A.O. Smith Corp.

carriers are experiencing a productivity crisis. The productivity battle must be won. Only by increasing their efficiency and improving their productivity can the rail carriers hope to retain and expand their tonnage. Legislation is needed and needed now to permit the carriers a climate of innovation and creativity."

R.L. Andreas, director, purchasing and traffic, American Oil Co., Chicago: "Rail service seems to have improved recently for main line customers; however, service for branch line customers continues to deteriorate, and this trend will continue until all nonprofitable branch lines are abandoned and profitable ones are upgraded to allow improved service."

A.T. Walters, assistant general traffic manager, Allied Mills, Chicago: "While we find an improvement in rail service, i.e., car movement, we feel there is a deterioration in responses to specialized car assignment requests. . .On the other hand, we find improvements in damage claim handling."

● **The "no" vote.** Shippers who find that service reliability has deteriorated offer these comments, among others:

Phillip T. Catalano, traffic and distribution manager, Steelcase, Inc., Grand Rapids, Mich.: "Our use of rail service has declined by 50% during the last 10 years. Reasons for this trend are poor service, bad equipment and outdated pricing policies."

L.S. Biondo, traffic manager, General Steel Industries, Granite City, Ill.: "Car Service Rule 1 and Rule 2 (Ex Parte 241) are working a hardship. Cars are not available when ordered. In some cases cars are not delivered for a week or more."

Fred H. Tolan, traffic manager, Pacific Northwest Traffic League, Seattle: "Problems of railroads are primarily (1) in the terminal areas and (2) in their miserable handling of paperwork necessary to move the cars."

Howard P. Gabriel, general traffic manager, Hershey Foods Corp., Hershey, Pa.: "Service by the railroads is poorer than it was mainly because of the varying transit times on shipments to the same destination. There seems to be no reliability or reasons for delay."

E.M. Burk, traffic manager, Wyatt Division, U.S. Industries, Inc., Houston: "I have noticed this deterioration very markedly in just the past two months. It appears that things have just come 'unglued' rather suddenly."

W.L. Cooper, division traffic manager, Southwestern Portland Cement, El Paso, Tex.: "Reliability has deteriorated—and intrastate ex parte freight increases have eliminated Texas rail cement business."

Henry M. Karel, director of distribution, Cleo Wrap Corp., Memphis, Tenn.: "The railroads may have increased their ability to furnish information as to status of box cars through their computers. But that does not guarantee service. With regard to service, we have found that the railroads have improved in some areas, but have deteriorated in other areas. With regard to terminal operations, both here in Memphis and in the East where we have many consignees, we have found service to have deteriorated to a very low level. The railroads do not seem to understand simple basic communications between people. My department spends one half its working day working with railroads to assist them in the proper placement of box cars at various locations. This time would be worthwhile if proper placement occurred on the first try. Regretfully, it does not, and the delays in production that ensue, the delays in shipments and naturally the customer complaints have forced us to decrease our carload distributions to outside warehouses and revert to direct truck movements. I believe that the problem today is one of people, and that the problems faced by the railroad are similar to those in other industries—that people are less concerned about the quality of their work. However, the railroads use this as an excuse in a monopolistic situation, whereas other industries have to go out of their way to correct this problem." ■

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One way. Containerpak I
Flatcar all the way. The container is put on a flatcar (at yard, or shipside) and goes by rail to customer's siding or team track where it stays on flatcar during loading or unloading.

Another, Containerpak II
Wheels at both ends. The container is delivered on wheels, removed from wheels and on to a flatcar. At destination, container is put back on wheels and delivered to customer.

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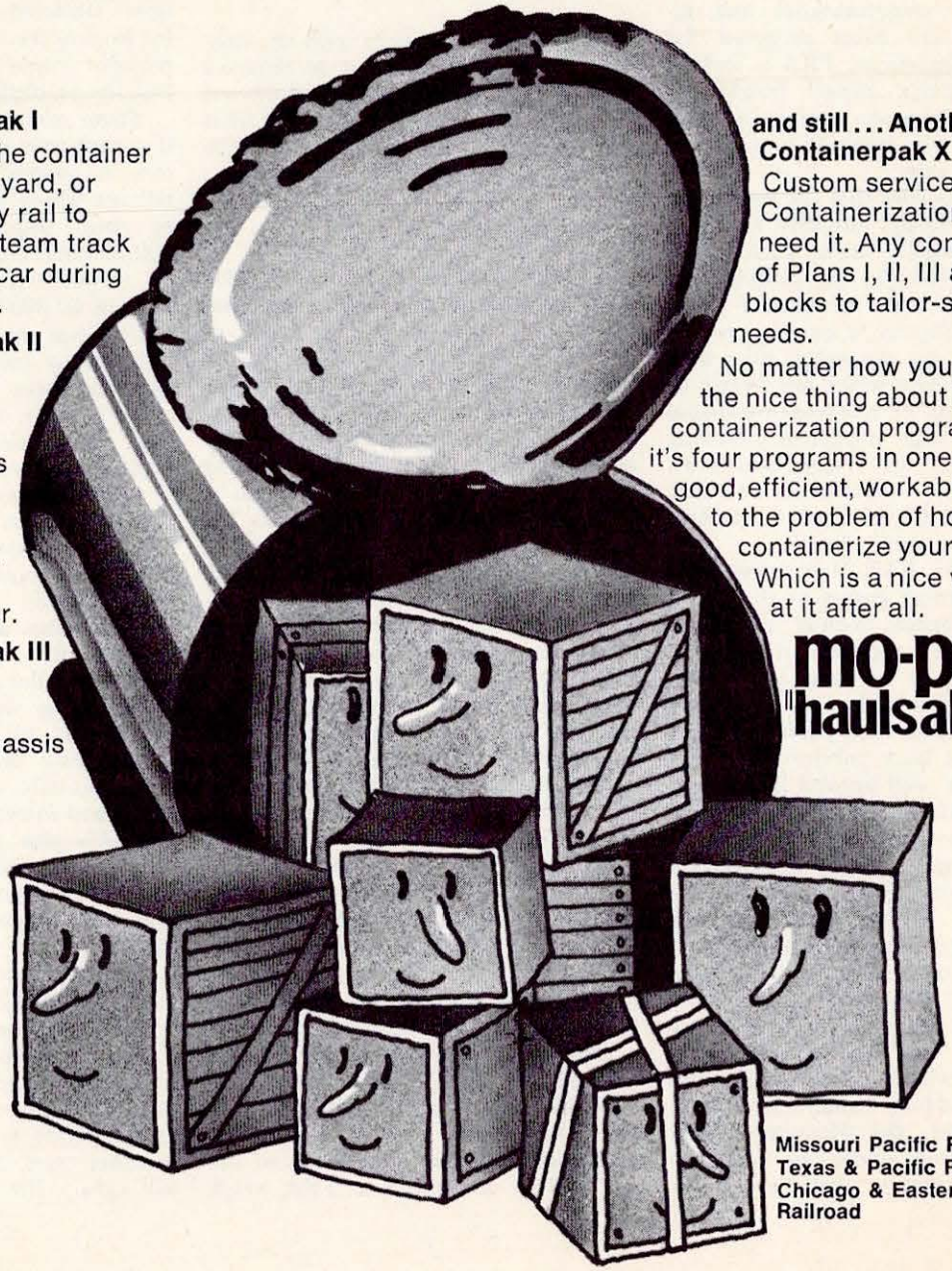
Wheels all the way. (Piggyback to you) Container goes on chassis all the way.



and still... Another, Containerpak X
Custom service. Containerization as you need it. Any combination of Plans I, II, III as building blocks to tailor-suit your needs.

No matter how you look at it, the nice thing about Mo·Pac's containerization program is that it's four programs in one. Four good, efficient, workable solutions to the problem of how to containerize your shipment. Which is a nice way to look at it after all.

mo-pac "hauls all"

Missouri Pacific Railroad
Texas & Pacific Railway
Chicago & Eastern Illinois Railroad

Circle 14 on coupon page 35

FRA proposes Equipment Inspection Standards

The other shoe dropped last week. Almost a year earlier the Federal Railroad Administration had published its proposed Track Safety Standards. This time it was proposals for FRA's Freight Equipment Inspection Standards that are to be followed much later by added regulations covering equipment design and maintenance. While, predictably, FRA's proposed rule making will excite cries of industry anguish, some railroad officers concede that "we brought increased Federal regulation on ourselves."

At the Dresser conference a few days prior to scheduled publication of the new Standards in the Federal Register, John E. Rourke, director of FRA's Safety Act Task Force, outlined the requirements, responsibilities and records which are being proposed for equipment inspections. FRA is seeking to have railroads inspect freight car components from the center sill down as frequently as every two years, or every 50,000 miles.

Rourke concedes that the Inspection Standards, as finally effective, may well differ substantially from FRA's proposals. He points to the difficulty in getting background information from the railroad industry, a quandary which FRA resolves by proposing rules with dates and numbers which are certain to produce a mass of hitherto-unavailable data. This is what happened following publication of the Track Standards; Rourke looks for a recurrence now that the first phase of the Equipment Standards are in the public domain.

Already the AAR Mechanical Division is circulating copies of the initial equipment proposal to chief mechanical officers for their appraisal. Reaction is not expected to be long in coming. There will be a period of up to 90 days for comments and then public hearings. This could set back publication of the final standards well beyond the present time frames established in the proposals.

FRA inspection regulations would apply to freight revenue (and certain non-revenue) rolling stock, aiming at the condition of wheels, axles, bearings, other truck components, couplers and draft sills. Rourke explained that detecting defects in these parts need not be followed by actions as restrictive as those spelled out in the Safety Appliances Act which involves such components as ladders, handholds and sill steps. However, the discovery of an equipment defect under the new proposal would require that the car be brought into compliance with the standard of the regulations or be removed from service. Many of the proposed standards are the limits set by the AAR Mechanical Division liberalized with wider tolerances introduced by FRA.

John E. Rourke
Director, FRA Safety Act Task Force

Two types of inspection

To achieve the safer car fleet which FRA says is the goal of its new Standards, it is proposing two types of inspection for each car—visual at the initial terminal (the biggest single hang-up in the 14 months during which the rules were being developed) and periodic, which will have to be done by an inspector qualified by the railroad.

Here are some key dates in the proposals:

Feb. 1, 1973: By then FRA would be informed by railroads of the instructions they were issuing to operating and mechanical personnel covering the visual initial-terminal inspection (these people would not have to be "qualified" under terms of the regulations). By the same data FRA would also have to be told of each railroad's plans for bringing its cars into compliance with the Inspection Standards and would then be required to file periodic progress reports.

June 30, 1973: Each car shall receive a visual inspection at its initial terminal, although FRA does not specify for what the car shall be inspected, nor by whom. It will not be required that this be done by a "qualified" inspector either.

Dec. 31, 1975: By this date each car shall have received a shop inspection by a qualified inspector. The data from this initial inspection, plus the reports on subsequent periodic inspections of the car shall be submitted to FRA which will accumulate and tabulate the information. Each car will also be stencilled to indicate the date of its shop inspection.

While each car owner is responsible for insuring that each of his units receives the periodic shop inspection, it is also the responsibility of each railroad that it not operate an uninspected car nor one on which detected defects have not been corrected. There are, however, provisions which allow cars to be forwarded to home (or other) shops for repair work. While these Standards are to bring domestic privately owned cars, as well as those owned by railroads, under the proposals, FRA is now looking into the problem of operating Canadian and Mexican cars on U.S. lines. Obviously it has no jurisdiction for forcing the owners to submit to the periodic inspections; Rourke indicates that the problem is under study.

There are two classes of cars under the proposals. "High-utilization" cars can, at owners' discretion, be put on mileage which would require that each be shop inspected after the initial 150,000 miles following its construction or reconditioning and then at subsequent 50,000-mile intervals. High utilization cars are identified as those for transporting trailers or containers (piggyback); those which operate in unit trains between a pair of fixed points; or any cars which operate more than 50,000 miles annually.

Other cars must be inspected in the first seven years after going into service following delivery or reconditioning. Then each must be inspected at two-year intervals. It is the intent of the proposals that all cars be inspected by Dec. 31, 1975, and then every two years or 50,000 miles after that.

Following the periodic inspections, car owners will identify each car, its elapsed time or mileage since the previous periodic check, and the defects found and corrected. Rourke said that it is FRA's plan to computerize this record which could produce a data bank on wear rates and structural weaknesses that would assist in the design of future cars.

FRA is not now specifying the method of reporting periodic inspections. Since some railroads now have computer records of their individual cars, FRA would be prepared to accept such input covering Federal inspections as complying with the new Standards. In other cases, ordinary written reports will satisfy the requirement.

DRESSER CONFERENCE

How changing operations affect freight-car design

With "Advancing Freight Car Design to Meet the Changing Environment of Modern Train Operations" as its theme, the 1972 Dresser Engineering Conference heard operating and mechanical officers discuss current car problems confronting the railroad industry.

This two-day session, held Sept. 7 and 8 in Depew, N.Y., is sponsored annually by the Dresser Transportation Equipment Division. Dresser's Harold F. Collins, executive vice president, observed that increasingly cooperation involving the railroads and suppliers is meeting technical problems of the industry. He noted that topics of several of Dresser's nine Conferences are now reflected in unified attacks on contemporary rolling stock problems.

Several references to the fact that today's railroad operations "have invaded the factor of safety" in the fixed plant and in rolling stock seemed to set the tone for the discussions.

A.D. DeMoss, vice president-purchasing, Southern Pacific, cautioned that a look at the contemporary situation is not enough. "In addition to the technical tools at our disposal," he observed, "we now must use historical tools and future projections to temper decisions. What length of trains can we expect? What types of cars? What operating speeds and car capacities? What technological advances can be expected? And can we even speculate on what vendors may disappear from the market or what new materials may appear?"

And then—the money angle

He then put the problem in money terms, saying that he is "not as concerned about the engineer's technical competence or the manufacturer's productive capability, as about the relationship between the cost of the technological advance and its revenue-producing benefits for an industry whose rate of return on investment is irrationally low."

● **Forest or the trees?** In keynoting the Conference, N.M. Lorentzsen, executive vice president, Burlington Northern, pointed out that in 1971 the road had six derailments costing over $1.6 million which were attributable to loose wheels. "It appears that the opportunity in this area is not getting the attention it deserves as we go about our day-to-day activities seeking more sophisticated problems to solve," he said.

"It may be possible that an interference fit with a prescribed tonnage mounting pressure is still the best way of mounting wheels on axles—but do we really know? Can any of us—or for that matter anyone in the industry—state with certainty that there is not a better way? Yet all of us are aware of loose wheels as a serious problem which adversely affects equipment utilization and maintenance costs."

Santa Fe's Larry Cena, vice president operations, commented on the obsolescence of freight cars after only a decade's service, attributing this to the fact "that today's freight car merely offers component upgrading, while retaining conventional design." Cena speculated that "such superficial changes are too limited in scope to meet tomorrow's transportation needs."

Tomorrow's railroads, as Cena sees them, "will not be based on 60-mph freight movement, nor on lengthy train-yard preparation. . .nor availability of track on an 'as desired' basis for maintenance." For a profitable railroad, he continued, tomorrow "will represent increased speeds, superior tracking of cars, aerodynamic considerations and car designs which automate and eliminate terminal tasks involving inspection and train make-up." Cena added that Santa Fe's work with its coaxial train design is aimed at just such a service.

● **Scaling up the consequences.** The railroad industry is confronted with the consequences of "scaling up" its freight cars in the past decade, observed K.E. Hunt, vice president-transportation and maintenance, Canadian National. The process has been far from predictable and unfortunately the scaling up of dimensions and capacities has been accompanied by a scaling up of maintenance costs and operating restrictions.

Hunt warned that the industry "cannot afford to get car design so far ahead of track design that damage to track outdistances the contribution of the car which does the damage." He urged that vehicle and track designers work cooperatively, taking a total systems approach to the transportation problem. Hunt also stressed that there must be more consistent prototype testing before full-scale production of untried car types begins.

General Manager J.W. Reed, Bessemer & Lake Erie, agreed with Hunt, saying that "sooner or later there is going to have to be communication between the people who design the equipment, the people who use the equipment and the people who provide the track over which the equipment has to run."

B&LE has had major problems with piggyback cars in mixed-consist trains and, according to Reed, "we have fought the rock-and-roll problem that was foisted on us because someone did not realize the implications of the fact that jointed track has irregularities at 39-foot intervals." He concluded that such problems are inevitable "unless everyone looks at new equipment as a part of a system which has to function as a whole."

The lateral-motion problem

Another problem identified by Reed is that the "ordinary roller-bearing truck which has no lateral introduces wheel-to-rail forces that are highly unsatisfactory and which are much worse than those encountered in the conventional friction bearing." As a result, B&LE is buying all its new roller-bearing equipment with devices that allow some degree of lateral motion.

● **Pivotal point.** The truck/carbody connection—involving primarily center plates and body bolsters—was the subject of two of the technical sessions. One speaker estimated that repairs to bolster of 86-foot Hi-Cube box cars built since 1964 may have cost the industry in excess of $4 million. There are additional costs involving the center plates.

One participant identified many of the bolster failures as resulting from fatigue, a cause not always adequately accommodated in design. W.E. Thomford, manager-design engineering, Southern Pacific, observed that the engineer is at about the limits of design within the present configurations and using conventional metals. He added that the truck suspension must absorb the energy before it gets into the bolster, requiring ultimately a better truck. However, he added, it is not possible now to say how much better.

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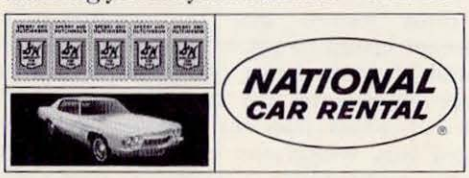

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LETTERS

EMD anniversary

La Grange, Ill.

To the Editor:

The August 28 issue of Railway Age, outlining Electro-Motive Division's 50th Anniversary, was a magnificent piece of work and we are very grateful for your fine handling of this subject.

B.B. Brownell, General Manager
Electro-Motive Division
General Motors Corp.

Detroit

To the Editor:

It was a very pleasant experience for me to read through your August 28 issue and to refresh my memory of the good times I had at EMD. Once a railroad man, I guess, always a railroad man, as I still have fond memories of the good old railroads.

R.L. Terrell
Group Vice President
General Motors Corp.

Hurricane Agnes

Cleveland, Ohio

To the Editor:

I am somewhat tardy in expressing my good wishes to you and your staff on the excellent report of the effects of Hurricane Agnes on the eastern lines as outlined in the issue of Railway Age for August 14.

The information regarding Erie Lackawanna is accurate and well handled. The entire article was a comprehensive job of describing the devastating effects of the hurricane.

EL's mainline is back in full service with the exception of a minor speed restriction over one bridge on which repairs are continuing. Our Wayland Branch went back in service Sept. 15, leaving only one branch to deal with, which is mixed up in a flood control project. . .

G.W. Maxwell
President
Erie Lackawanna

Los Angeles transit

Los Angeles

To the Editor:

Railway Age has always been in the forefront in its coverage of rapid transit development in America's urban areas.

Your coverage on Los Angeles in the current [Aug. 14] issue is an example and the members of the RTD Board and I are appreciative of the story by Joe Asher.

Jack R. Gilstrap
General Manager
Southern California
Rapid Transit District

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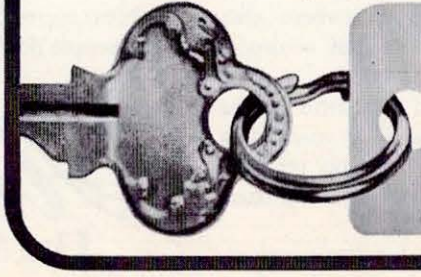

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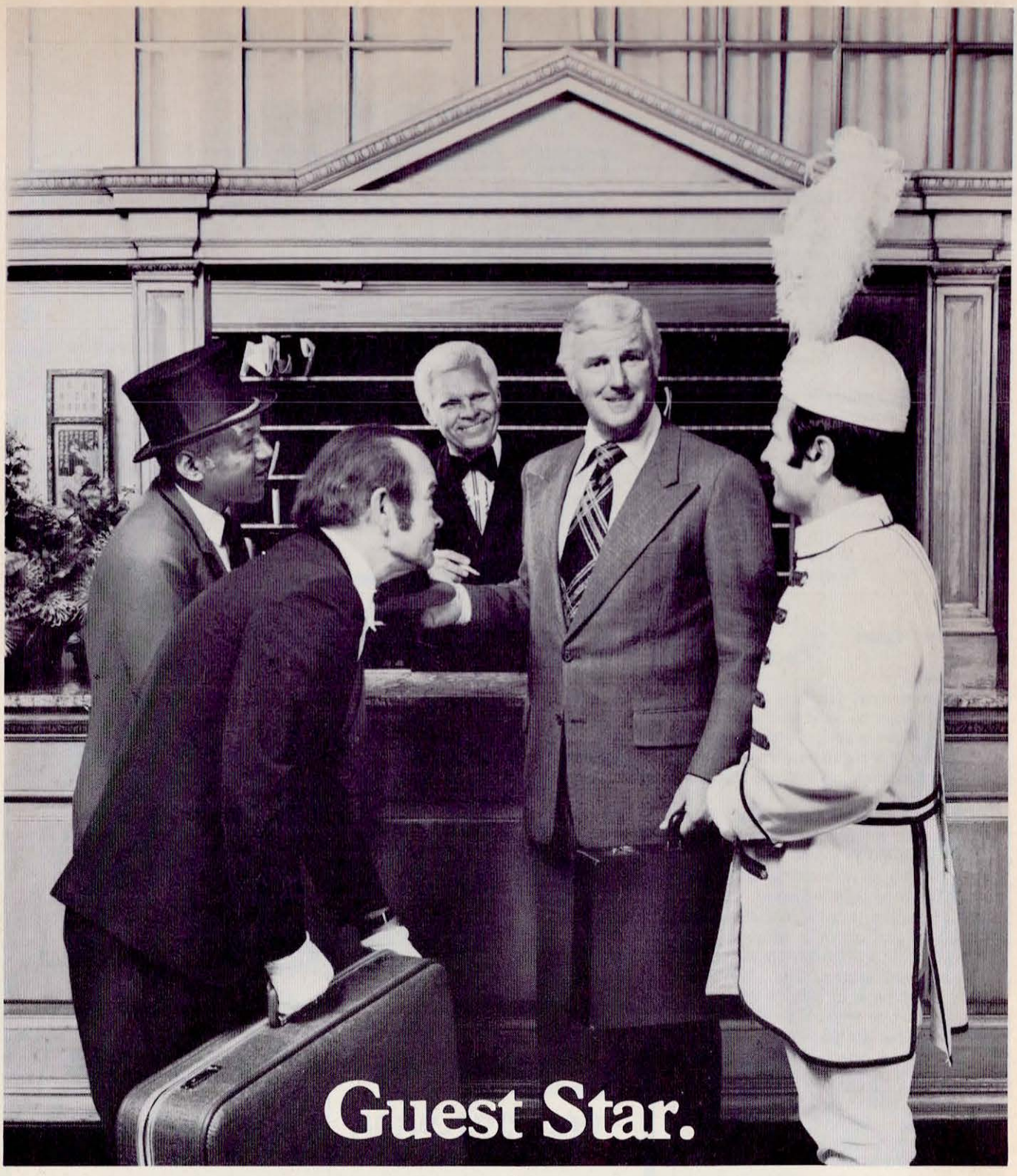

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People

BIRMINGHAM SOUTHERN.—Elliott M. Hughes, vice president, Fairfield, Ala., retired Aug. 31, after more than 38 years of railroad service.

CANADIAN NATIONAL.—W.R. Sayers, assistant to vice president, personnel and labor relations, Montreal, appointed assistant to senior vice president, Great Lakes Region, Toronto.

R.K. Owen, area comptroller, Belleville, Ont., transferred to the Southwestern Ontario Area, London, succeeding **K. Redman,** promoted.

J.A. Lomas, recently returned from special duties with CANAC, appointed manager, accident prevention-system, Montreal, succeeding **R.C. Field,** transferred.

L.L. Atkinson, market manager, fuels and chemicals, market development, Montreal, appointed general manager, market development—commodity—system, Montreal.

CHESSIE SYSTEM.—Charles J. Henry, Jr., elected vice president-merchandise freight pricing at Cleveland a new position. Mr. Henry has been C&O/B&O vice president for commercial development since 1965.

DELAWARE & HUDSON.—George A. Endres appointed assistant manager of pricing and publications, Albany, N.Y. **Joseph A. Quinn,** district sales manager, Hoboken, N.J., promoted to freight traffic manager there. **John M. Hanf** named assistant district sales manager, Philadelphia. **Richard W. Humphrey** appointed assistant district sales manager, Boston.

DENVER & RIO GRANDE WESTERN.—Alex Rose, manager of insurance, retired Aug. 31 after 50 years of service.

ELGIN, JOLIET & EASTERN.—James M. Reid named assistant comptroller.

NORFOLK & WESTERN.—W.B. Van Lear named assistant chief engineer-signals and communications, Roanoke. He was formerly manager, signals and communications.

Robert C. Churchill, III, superintendent, Kansas City terminal, transferred to the Detroit terminal, succeeding **Homer C. Scott,** who replaces Mr. Churchill at Kansas City.

PENN CENTRAL.—Clifford W. Owens, assistant general manager, Central Region, Pittsburgh, named assistant general manager, Eastern Region, Philadelphia.

Welborn E. Alexander, Jr., director-automotive marketing, appointed senior traffic officer-automotive, assuming the duties of **Thomas B. Graves, Jr.,** resigned.

PORTLAND TERMINAL.—E.K. Strong, treasurer, Portland, Ore., appointed manager, succeeding **J.H. Jones,** retired after 49 years of service.

SANTA FE.—Robert E. Gehrt, special representative of public relations, appointed assistant manager of public relations, Chicago.

UNION PACIFIC.—Homer O. McIntyre, assistant traffic manager, Salt Lake City, named traffic manager, Kansas City, Mo., to succeed **Richard T. Corson,** transferred to Portland (RA, Aug. 28, p. 78). Mr. McIntyre's successor is **Clyde E. Adams,** general traffic agent, Birmingham, Ala., who in turn is succeeded by **C. Richard Hawkins,** traffic agent, Salt Lake City.

UPPER MERION & PLYMOUTH.—William F. Finley elected president, Conshohocken, Pa. Mr. Finley was formerly director of traffic and transportation, **Alan Wood Steel Co.,** of which the railroad is a wholly-owned subsidiary.

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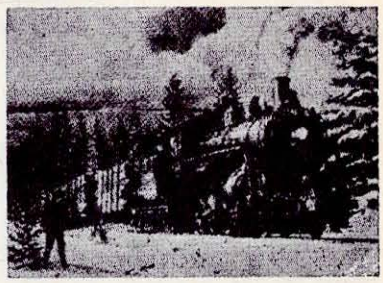

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Diesel shop drainage is not good for a blue lagoon, so Larry Call gives it the treatment.

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But that doesn't keep Larry Call from being proud of his blue lagoon and all the equipment that keeps it blue by cleaning the oily junk out of the drainage it handles.

Larry is almost a second-generation UP pollution fighter, because the first ones started working on the railroad back in 1948, or pre-blue-lagoon days.

And you should also know that UP didn't splurge a whole $2 million on just the one lagoon at North Platte. We made it stretch over several hundred miles and take care of water treatment plants at 12 major terminals.

If keeping track of pollution-fighting measures is your thing, write us for a little report we made about what we're doing. When it comes to our part of the big pollution picture, we think you'll see we can handle it.

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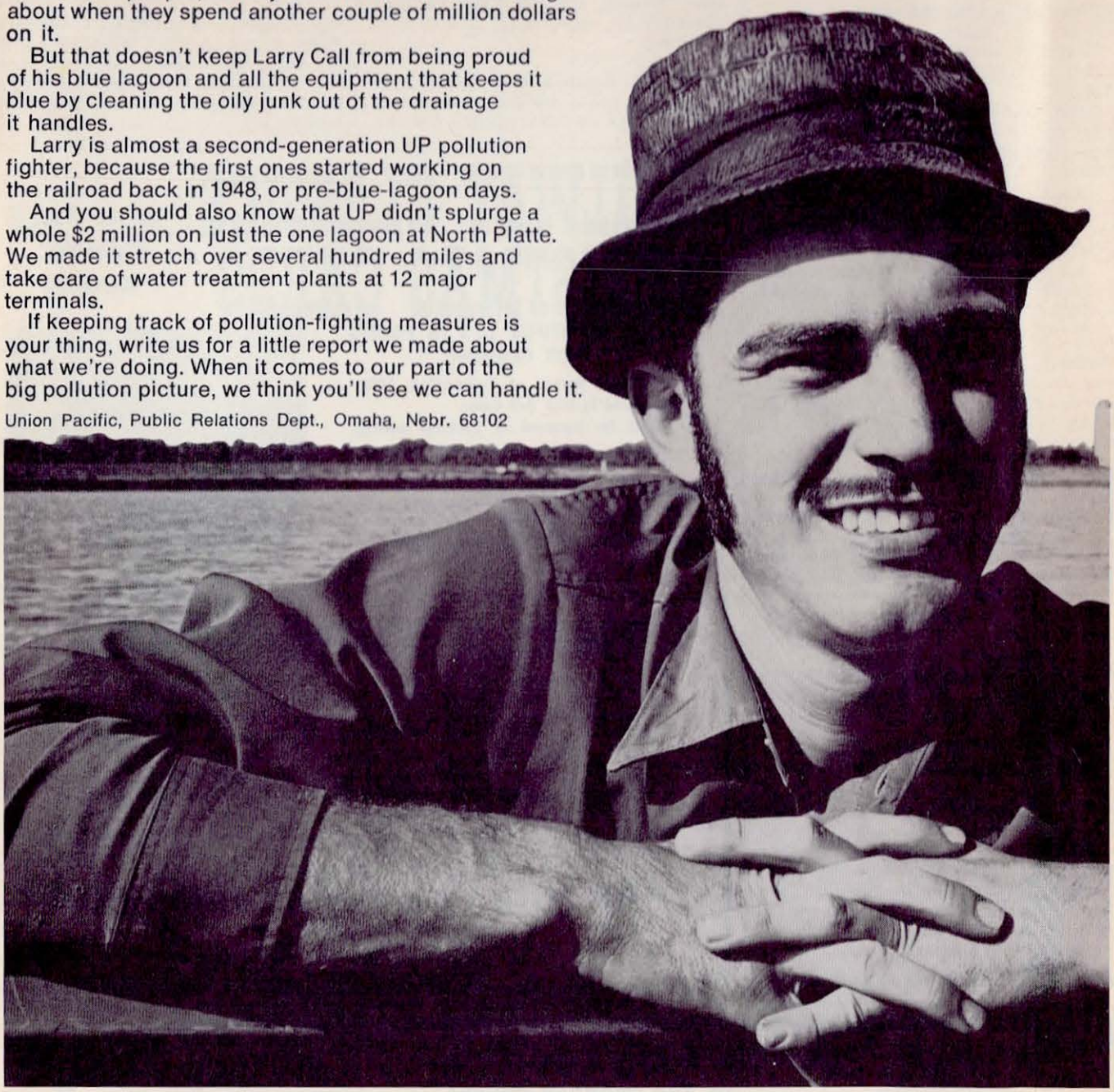


We can handle it.

the Union Pacific railroad people

UNION PACIFIC

Market Outlook

CARLOADINGS

Loadings of revenue freight in the week ended Sept. 9, which included the Labor Day holiday, totaled 460,145 cars, according to the Association of American Railroads. This was a decrease of 81,268 cars, or 15%, compared with the previous week, and an increase of 20,121 cars, or 4.6%, compared with the corresponding week last year. Ton-miles generated by carloadings in the week ended Sept. 9 are estimated at 13.8 billion, an increase of 8.2% above the corresponding week of 1971.

REVENUE FREIGHT CARLOADINGS

Commodity	Sept. 9 week	Sept. 2 week
Grain	26,823	31,328
Farm products	7,221	7,913
Metallic ores	42,112	47,639
Coal	77,192	95,280
Crushed stone, gravel & sand	26,884	30,881
Nonmetallic minerals	9,558	11,283
Grain mill products	15,990	19,917
Food and kindred products	21,482	24,919
Primary forest products	20,776	24,759
Lumber & wood products (except furniture)	14,296	18,270
Pulp, paper & allied products	18,757	23,652
Chemicals & allied products	22,936	26,017
Petroleum products	8,235	9,590
Stone, clay & glass products	19,516	21,580
Coke	7,137	6,939
Metals & products	21,353	24,666
Motor vehicles & equipment	20,334	22,287
Waste & scrap materials	12,377	14,608
Forwarder & shipper assn. traffic	5,775	7,046
All other carloads	60,982	72,301
LCL traffic	409	523
Total cars loaded	**460,145**	**541,398**
Cumulative total, 36 weeks	1972	1971
	17,717,228	17,490,656
Estimated revenue ton-miles (billions) 36 weeks	532.5	517.3

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended Sept. 2 totaled 27,897 cars (9.6% above the corresponding week last year) and 47,157 trailers or containers (up 9.7% from 1971). Cumulative volume for the first 35 weeks of 1972 is 867,058 cars (up 9% from last year) and 1,455,249 trailers or containers (up 12.1% from 1971). In addition to freight, 1,949 cars carrying 3,336 trailers or containers of mail and express traffic were handled piggyback. Cumulative figures for the first 35 weeks of 1972 are 79,589 cars (down 25.4% from the 1971 total), and 128,793 trailers or containers (down 20% from 1971).

IN CANADA

7 days ending	Tons of Revenue Freight	Cumulative Totals
Aug. 21, 1972	3,345,212	128,314,634
Aug. 21, 1971	4,410,207	130,979,966

FREIGHT-TRAIN CARS

● *Missouri Pacific.*—Ordered 1,350 new freight cars and 30 cabooses for delivery beginning in November: 650 100-ton open-top hopper cars from Bethlehem Steel; 400 100-ton covered hopper cars from Pullman-Standard; 200 60-ft, 100-ton box cars from Amcar Division, ACF; 100 100-ton bulkhead flat cars from General Steel Industries; and 30 cabooses from International Car.

LOCOMOTIVES

● *Missouri Pacific.*—Ordered 57 2,000-hp diesel-electric units and four 1,500-hp units from EMD; and seven 2,300-hp units from GE.

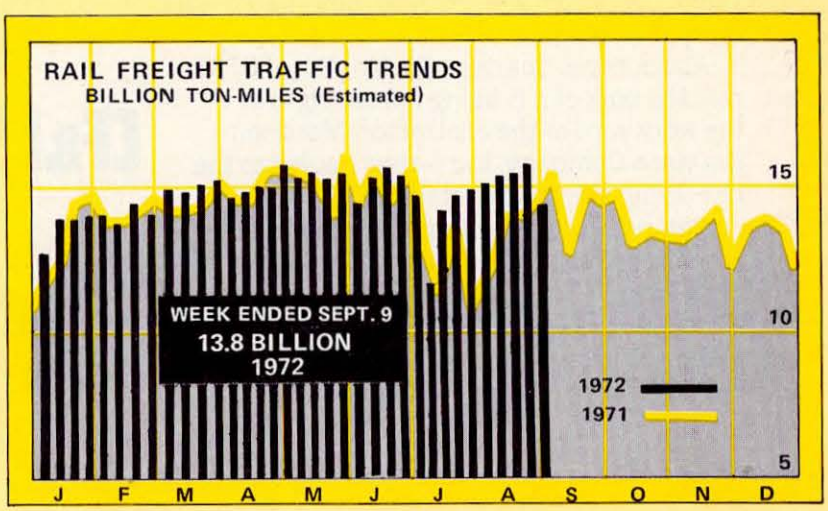
TRANSIT

● *New York City Transit Authority.*—Transportation Equipment Division of Rockwell Manufacturing Co. has been awarded a sub-contract, in excess of $19 million, to supply truck assemblies for 752 cars which Pullman-Standard will build for the New York City Transit Authority.

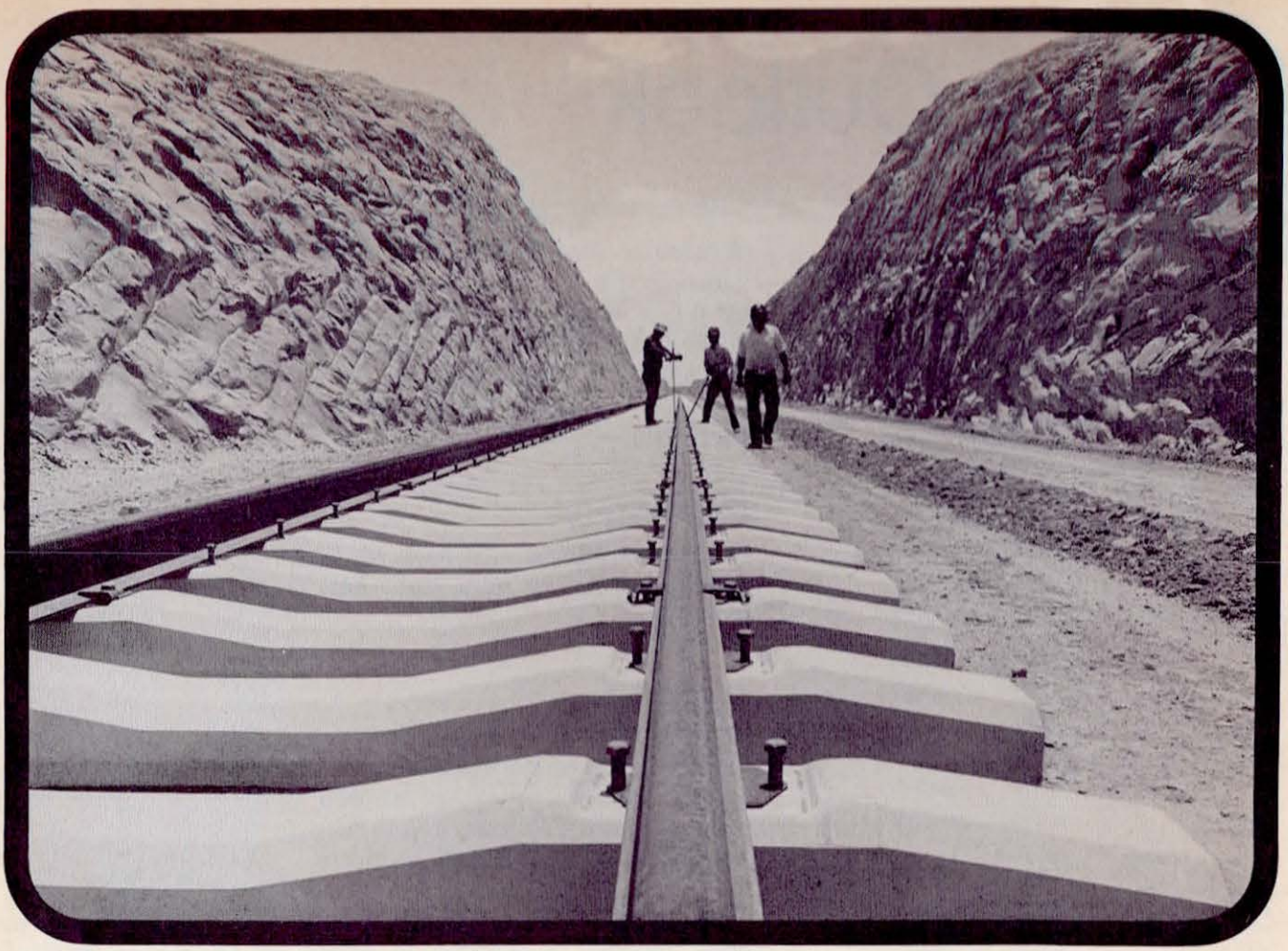
● *Washington Metro.*—Rockwell's LFM-Atchison Division has been awarded a contract in excess of $8 million by Rohr Industries to supply high-speed rail truck assemblies for 300 cars which Rohr will build for the Washington Metropolitan Area Transit Authority. Rohr is prime contractor for the $91.6-million car order. Also, Westinghouse Electric Corp. has received a multi-million-dollar contract from Rohr to supply propulsion equipment for the cars.

FOREIGN

● *Hong Kong.*—The government requested submission of preliminary proposals for a subway system, a $1.1-billion project. Deadline for proposals is mid-October.



Source: Association of American Railroads



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Behind this mine-to-generating plant railroad is the Navajo Generating Station and Railroad Project. The Salt River Project is managing the engineering and construction for the participants consisting of five power companies and the Federal Bureau of Reclamation.

There are a lot of other fascinating details—and a good deal more you should know about the uniformly high quality and other factors that determined the choice of CF&I to begin with. Or why CF&I rail is easier to weld.

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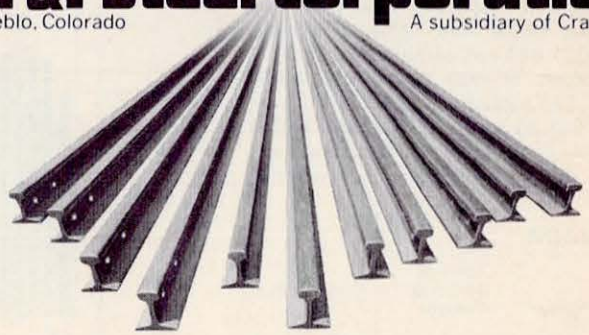

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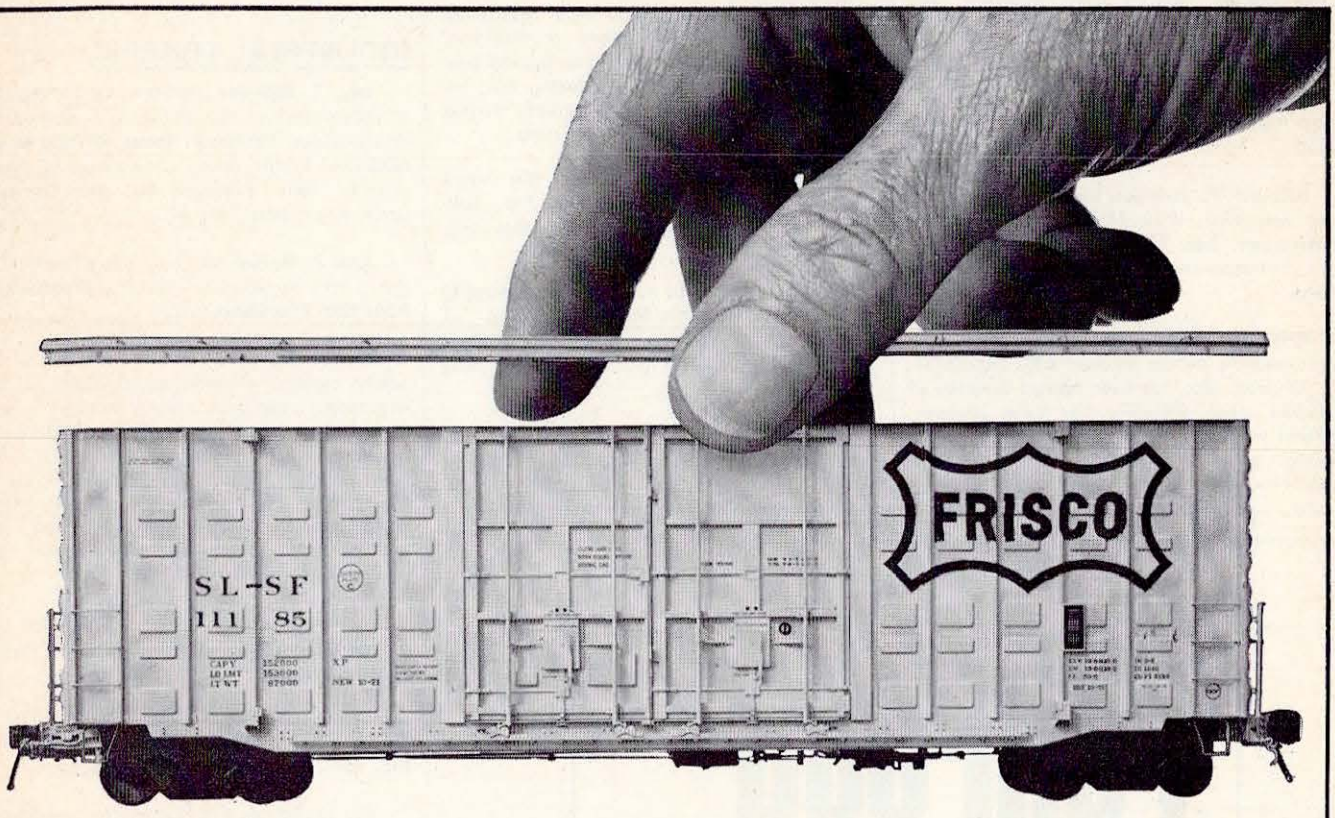

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SUPPLY TRADE

Enterprise Distribution, Inc., is the new name of the former McGrath Industries, Inc. Enterprise provides complete transportation, warehousing and distribution services for domestic and import/export customers. **John R. Arwood**, Enterprise president, has held top executive positions with Seatrain Lines, Sea Land Service, Continental Grain and Union Carbide Corp.

Paul Dean has been promoted to vice president, sales and marketing, **TOFC, Inc.**, subsidiary of **Fruehauf Corp.**, at Marietta, Ga. He was formerly vice president, container marine and national accounts at New York. **Greg Mullen**, district sales manager, will manage the New York office.

The **Dashaveyor Co.**, wholly-owned subsidiary of the **Bendix Corp.**, will be moved soon from Los Angeles, Calif., to Ann Arbor, Mich.

Richard P. Herman has been appointed vice president, W.H. Miner Division, **Miner Enterprises, Inc.** Mr. Herman was formerly vice president-marketing, **North American Car Corp.**

George E. Reed, director of engineering and research, Amcar division **AFC Industries**, St. Charles, Mo., has been named director of railroad sales, Shippers Car Line division. **Robert H. Billingsley, Jr.**, assistant director of product engineering, Amcar division, has been appointed director of engineering and research, succeeding Mr. Reed. J. **Donald Brinkerhoff**, special assistant, executive department, New York, has been named assistant general manager-leasing operations, Shippers Car Line division.

John R. Turk, district manager, **Ohio Brass Co.**, New York, has been appointed general sales manager, Mansfield, Ohio. **William E. Mathis** has been appointed district manager, Minneapolis, Minn. Mr. Mathis was formerly a sales engineer for electric transmission equipment, General Electric Co. **Robert M. Lynch** has joined Ohio Brass as a district manager, New York. Mr. Lynch was formerly a district manager in charge of government sales, Consolidated Edison Co., New York.

Larry Wilmesmeier has been appointed vice president of operations at Houston, **Marathon Tank Car Co.**, wholly owned subsidiary of **Marathon Manufacturing Co.**, He succeeds **Ray R. Seegmiller**, recently named controller of Marathon Manufacturing.

Charles D. Vogt has joined the newly created **ISCO Manufacturing Co.**, Inc., subsidiary of **ISC Industries Inc.** at Kansas City, Mo.

Robert J. Hubata manager, Parts Supply Department, **Electro-Motive Division** of **General Motors**, has been promoted to general parts supply manager, to succeed **W.N. Fritts**, who retired Sept. 1.

Richard C. Underwood has been appointed manager, Southwest District, **North American Car Corp.** He was formerly president, **American Railway Equipment Corp.**

Robert A. Greenbury, vice president and general manager, **North American Car (Canada) Ltd.**, Montreal, has been named president.

Thomas E. Ditchfield has been appointed vice president, **Castings Division, General Steel Industries. Clarence E. Meyer**, works manager, has been named vice president-manufacturing, **St. Louis Car Division**, succeeding Mr. Ditchfield.

Fruehauf Division, Fruehauf Corp. has opened a new sales, service and parts facility in Little Rock, Ark. **J.K. Hudson**, manager, Memphis branch, will also direct activities at Little Rock.

INDUSTRIAL TRAFFIC

John T. Williams has been named director of transportation and distribution and secretary-treasurer, **Wisconsin Paper & Pulp Manufacturers' Traffic Assn.**, to succeed **J.E. Hart**, general traffic manager and secretary-treasurer, who retired July 11.

John F. Roeser, Jr., has been promoted to group vice president of physical distribution, **Iowa Beef Processors, Inc.**

Robert Lighthall has been named to the newly created position of assistant to the director, corporate transportation, **A.E. Staley Mfg. Co.**, Decatur, Ill. **Larry Cunningham**, manager, rates and commerce, corporate transportation, succeeds Mr. Lighthall as transportation manager, industrial products group. **Norville Williams**, research and commerce analyst, corporate transportation, succeeds Mr. Cunningham.

George Lawrence has been appointed vice president materials and transportation, **Penick & Ford, Limited**, Cedar Rapids, Iowa.

Lloyd Edstrom, assistant traffic manager has been named traffic manager, **Fisher Mills, Inc.**, succeeding **Wayne Fuller**, retired.

The Chemicals and Plastics Group, **Hooker Chemical Corp.** has been realigned and a new corporate physical distribution department established at Niagara Falls, N.Y., under direction of **John S. Coey**, group vice president, Stamford. **William M. Dolan** has been named corporate director physical distribution. **C. Duane Carley** has been appointed corporate general traffic manager. **Samuel L. Watts** has been transferred from Stamford to Niagara Falls as manager transportation equipment and terminals. **Percy T. Brewbaker** will continue to serve from Stamford in the newly created position of consultant-transportation and distribution.

OBITUARY

Harry W. Copas, 71, founder-president of the **Lix Corp.**, Kansas City, Mo., died Sept. 2 at Baptist Memorial Hospital there.

Harry Sengstacken, 78, retired passenger traffic manager, **Milwaukee**, died Aug. 28 in his home at Glenview, Ill.

Clarence W. Sooby, retired manager, management systems, Signal & Communications Division, **Westinghouse Air Brake Co.**, died Sept. 6 at Pittsburgh.

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Viewpoint

Grayson scores a productivity point

What would have happened, had railroads been able to mate 1971 productivity levels with 1939's share-of-market? For one thing, railroad employment might have been at about 850,000 instead of at less than 550,000. That was the conclusion reached by Frisco President Richard C. Grayson in a discussion of job security and how to achieve it, at the annual meeting of the American Short Line Railroad Association.

Putting it bluntly, Grayson noted that "Those who fear the loss of jobs are misguided if they believe that a rigid rule made in collective bargaining can halt the march of technology. While it may protect jobs for a time, it cannot protect total employment, either in a company or in an industry unless that company or industry continues to grow. Seniority is of no value in a company that ceases operations because it is broke."

In his 1939-1971 comparison, Frisco's president pointed to both the loss in market share and the loss in jobs: "Any objective analysis will show that some of those jobs were the victims of an advancing technology and more efficient methods. But most were lost as a result of a sharp reduction in the rail share of the total freight transportation market."

Grayson called the recent agreement with the United Transportation Union in the fireman dispute "an encouraging start." But, he said, "We need similar progress on the [whole] manning issue and on the crossing of craft lines established in the era of the steam locomotive."

His conclusion: "Job security is greatest in growth industries. As sales rise, plants are enlarged or modernized. Keeping an adequate work force becomes one of the major concerns of management. Recruitment is stepped up, training programs are initiated, and every effort is made to attract and hold competent personnel. But the key to job security is growth. . .What is needed is a new and positive approach. Instead of trying to protect jobs in the face of a shrinking share of the market, we ought to be concentrating our efforts on adding jobs through growth. . .We need greater freedom in adapting ourselves to changes in the marketplace. We have to have greater flexibility in the use of manpower. We need less, not more, regulation. We need, in short, that new and positive approach. With it, I believe railroads can again become a growth industry. But this will not happen if we try to treat the ills of the '70s with the remedies of the '30s."

THE EVIDENCE CAN PILE UP

Grayson's comments bring to mind another comparison—this one made when the Illinois Central/UTU JOBS Commission was in its formative stage. There were two charts. One showed rail employment dropping sharply as market-share stagnated. The other showed trucking-industry employment climbing sharply as market-share moved steadily up.

Other experience-records might also be used. So, somewhat frighteningly, could projections of future transportation demand which do not equate demand stability with job stability.

The evidence in all this seems rather clear: growth=employment gains; no growth=employment decline. Despite all the efforts made by rail unions to hold the line on employment, they haven't been able to do it—because, as Grayson says, "the key to job security is growth."

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